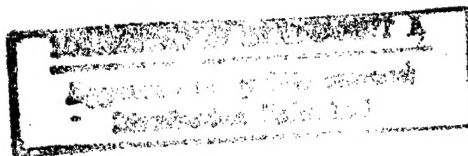


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# South and East Asia Report

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15 June 1982

## SOUTH AND EAST ASIA REPORT

No. 1153

## CONTENTS

## INTER-ASIAN AFFAIRS

- Asian Foreign Secretaries May Meet in August  
(THE TIMES OF INDIA, 9 May 82) ..... 1

## BRUNEI

- Brunei Eyed As New ASEAN Member  
(PHILIPPINES DAILY EXPRESS, 12 May 82) ..... 2

## BURMA

- Karen Revolt Reviewed  
(BANGKOK POST, 9 May 82) ..... 3
- Transportation Achievements Reviewed  
(Rangoon Domestic Service, 26 May 82) ..... 8
- Briefs
- Power Line Project ..... 9
  - Combat News From Shan State ..... 9

## INDIA

- G.K. Reddy Notes Problems in Indo-U.S. Relations  
(G.K. Reddy; THE HINDU, 6 May 82) ..... 10
- Analyst Discusses Indian Policy on Falklands  
(G.K. Reddy; THE HINDU, 7 May 82) ..... 11
- G.K. Reddy Writes on Relations With Pakistan  
(G.K. Reddy; THE HINDU, 11 May 82) ..... 12
- Report on Indo-Nepal Intergovernmental Talks  
(PATRIOT, 19 May 82) ..... 14
- New Political Party Formed in Karnataka  
(THE HINDU, 11 May 82) ..... 15

Defense Failure To Develop Missile System Scored (THE HINDU, 11 May 82) .....	16
Gandhi 11 May Speeches in Kerala Reported (PATRIOT, 12 May 82) .....	18
Gandhi Tells Newsmen Travel Plans, Other Matters (PATRIOT, 15 May 82) .....	20
Press Reportage on Reddy Visit to Yugoslavia (PATRIOT, 7, 8, 12 May 82; THE TIMES OF INDIA, 9 May 82) .....	21
Report on 6 May Banquet	
Reception on 7 May	
Talks With Kraigher	
Remarks to Newsmen	
Priority for Defense Research Advocated (PATRIOT, 8 May 82) .....	24
Gandhi Warns Against Troublemakers in Punjab (THE TIMES OF INDIA, 11 May 82) .....	25
Parliament Discussion of Corruption Reported (THE TIMES OF INDIA, 7 May 82) .....	27
Separatist Leaflets Reported Circulating in Goa (THE TIMES OF INDIA, 14 May 82) .....	30
Analyst Discusses Problems of National Sugar Policy (S.M. Gothoskar; THE TIMES OF INDIA, 7 May 82) .....	31
New Approach to Electronics Industry Planning Urged (V. Sooriyanarayan; THE TIMES OF INDIA, 11 May 82) .....	34
Information Minister Meets With PRC News Team (PATRIOT, 12 May 82) .....	37
ONGC Plans To Produce More Crude in 1982-83 (PATRIOT, 12 May 82) .....	38
Plans To Buy Ships From Yugoslavia Reported (PATRIOT, 12 May 82) .....	39
First Phase of Vizag Steel Ready in 1986 (PATRIOT, 12 May 82) .....	40
Briefs	
Industries in Districts	41
Foreign Currency Loans	41
Trade With Egypt	41
Admission to African Bank	42
Pakistani Spy Arrested	42
Businessmen to PRC	42



## INDONESIA

Nation's Armed Forces Examined (Khalid Abdullah; ASIAN DEFENSE JOURNAL, May 82) .....	43
--	----

## KAMPUCHEA

KPNLF Organ Assesses Relations Between Resistance Groups (MOUL KHMER, Mar 82) .....	53
'Moul Khmer' Editorial Lack of Unity Noted, by Sam Sok	
Briefs Aid Appeals for PRK, KPNLF .....	57

## MALAYSIA

Army Buildup To Continue (ASIAN DEFENSE JOURNAL, May 82) .....	58
National Institute of Defense Studies Established (ASIAN DEFENSE JOURNAL, May 82) .....	59
'Learning From the Japanese' (Editorial; NEW SUNDAY TIMES, 23 May 82) .....	60

## PAKISTAN

Joint Pakistan-Iraq Commission Meeting Reported (BUSINESS RECORDER, 20 May 82) .....	62
Food Minister Expresses Hope on Wheat Self-Sufficiency (BUSINESS RECORDER, 20 May 82) .....	63
Sind Governor Pleads for Light Agro-Based Projects (BUSINESS RECORDER, 20 May 82) .....	64
Joint Financing of New Sugar Mills Planned (Anwar Rajani; BUSINESS RECORDER, 20 May 82) .....	65
Gas for Baluchistan Cities, Towns (BUSINESS RECORDER, 20 May 82) .....	66
Two More Polytechnic Institutes for Sind (BUSINESS RECORDER, 20 May 82) .....	67
Yugoslavia's Stand on Afghanistan Reaffirmed (BUSINESS RECORDER, 20 May 82) .....	68
Research Programs in Karakoram Region Reported (BUSINESS RECORDER, 20 May 82) .....	69

Pakistan Urges Pressure on South Africa (BUSINESS RECORDER, 20 May 82) .....	70
Artificial Limb Center for Refugees Established (BUSINESS RECORDER, 20 May 82) .....	71
Getting Rid of Foreign Loans Emphasized (BUSINESS RECORDER, 20 May 82) .....	73

#### PHILIPPINES

Budget Cut for 1983 Considered (Resty Perez; PHILIPPINES DAILY EXPRESS, 18 May 82) .....	74
President Defends Foreign Borrowing (Jose De Vera; BULLETIN TODAY, 24 May 82) .....	75
More Incentives for Foreign Oil Searchers (Samuel V. Senoren; PHILIPPINES DAILY EXPRESS, 19 May 82) ....	77
Indigenous Energy Use Rising (Rosario A. Liquicia; PHILIPPINES DAILY EXPRESS, 20 May 82) ...	78
ASEAN Free Trade Policy Favored (THE PHILIPPINES DAILY EXPRESS, 20 May 82) .....	79
ASEAN Food Proposal Backed (BULLETIN TODAY, 24 May 82) .....	80
Recession Seen Into '82 (BULLETIN TODAY, 20 May 82) .....	81
Farmers' Problems Bared (Mario P. Chanco; BULLETIN TODAY, 18 May 82) .....	82
Recession Forces Lowering of National Bank Targets (BULLETIN TODAY, 19 May 82) .....	83
Debt Servicing Cost for '82 Forecast (BULLETIN TODAY, 19 May 82) .....	84
Deepwater Oil Prospecting Urged (BULLETIN TODAY, 17 May 82) .....	85
Mining Industry May Need Financing (BULLETIN TODAY, 19 May 82) .....	86
Coal Mines Need Government Assistance (BULLETIN TODAY, 18 May 82) .....	87
Sugar Quota Freeze Opposed (BULLETIN TODAY, 23 May 82) .....	88

Rice Support Price Raised (Jose De Vera; BULLETIN TODAY, 22 May 82) .....	89
Steel Venture in Abeyance (George T. Nervez; PHILIPPINES DAILY EXPRESS, 20 May 82) ....	91
West German Firm Bids on Diesel Project (BULLETIN TODAY, 20 May 82) .....	92
Electrical Items, Clothes Major Export Items (BULLETIN TODAY, 18 May 82) .....	93
Preparations Made for Exclusive Japanese Trade Zone (BULLETIN TODAY, 22 May 82) .....	94
Exports to Japan, Europe Affected (George T. Nervez; PHILIPPINES DAILY EXPRESS, 18 May 82) ....	95
Labor Demands Pay Raise (PHILIPPINES DAILY EXPRESS, 23 May 82) .....	97
Tax Incentives Urged for Failing Firms (BULLETIN TODAY, 24 May 82) .....	98
Labor Minister Scores Labor Bill Opponents (BULLETIN TODAY, 23 May 82) .....	99
Majority Party Favors Firmer Position Toward Labor (Samuel Senoren; PHILIPPINES DAILY EXPRESS, 19 May 82) .....	100
Illicit Jade Trade Noted (Chiang Mai ; DAILY NATION, 5 May 82) .....	102
Marine Pullout in Bataan Urged (Efren P. Molina; BULLETIN TODAY, 23 May 82) .....	103
KKK Loans Cornered by Rich (Casiano A. Navarro, Jr.; BULLETIN TODAY, 23 May 82) .....	104
Leyte, Samar Irrigation Systems Constructed (R.S.Movido; BULLETIN TODAY, 21 May 82) .....	105
Philippines Losing Computer Specialists (Rod L. Villa, Jr.; BULLETIN TODAY, 21 May 82) .....	106
Integration of Muslim, Public Schools Sought (Rod L. Villa, Jr.; BULLETIN TODAY, 24 May 82) .....	107
Iloilo Infrastructure Construction (BULLETIN TODAY, 20 May 82) .....	109
Briefs Additional Workers Needed .....	110

## SRI LANKA

Terms for LSSP-SLFP Alliance Given (I.S. Perera; THE ISLAND, 13 May 82) .....	111
Opposition Parties Resolve Differences (Mallika Waniga Sundara; THE MUSLIM, 12 May 82) .....	112
TULF Opposition Identified (THE ISLAND, 17 May, 82).....	114
Long Term Credit From Bonn (THE ISLAND, 7 May, 82).....	115
Census Shows More Unemployment (Ravindran Casinader; THE ISLAND, 19 May 82).....	116
Statistics Misleading on Economic Condition (Chandrakanthi Dharmadasa; THE ISLAND, 19 May 82).....	117
External Assets Rise (THE ISLAND, 17 May 82).....	119
Lack of Security at Power Installations (Ranjan Joseph; THE ISLAND, 10 May 82) .....	120
Better Treatment for Plantation Workers (THE ISLAND, 17 May 82) .....	121

## THAILAND

U.S. Efforts on 'Yellow Rain' Said To Be Made for Own Interests (KHAO CHATURAT, 17 May 82) .....	122
Merchants Protest Trade Bars With SRV, PRK (SIAM RAT, 17 Apr 82) .....	124
Layoffs, Unemployment Projections Discussed (Niphat Taptagaporn; BANGKOK POST, 11 May 82) .....	126
Saiyut: MROU Boats Shoot First in Disputes With LPDR (PHYA KHRUT, 1 May 82) .....	128
Hardship Forces Villagers To Farm in CPT Zones (PHYA KHRUT, 16 Apr 82) .....	130
Mekong Basin Development Project Discussed (Bernt Bernander Interview; BANGKOK POST, 9 May 82) .....	132
Construction Workers Underpaid, Unorganized (THE NATION REVIEW, 10 May 82) .....	135

Gasohol Projects Face Delays (BANGKOK POST, 13 May 82) .....	136
Briefs	
Navy Tactical Training Center	137

## INTER ASIAN AFFAIRS

### ASIAN FOREIGN SECRETARIES MAY MEET IN AUGUST

Bombay THE TIMES OF INDIA in English 9 May 82 p 5

[Text]

NEW DELHI, May 8: The third meeting of the foreign secretaries of seven South Asian countries to decide on regional co-operation is expected to be held in August.

The venue is likely to be Islamabad. Although the last foreign secretaries' meeting in Kathmandu in November had chosen the Pakistan capital and Male of the Maldives as alternative venues, indications are that the former is being favoured for this important meeting.

The third meeting will be crucial because its main task will be to prepare the ground for foreign ministers-level conference as an intermediate step to a South Asian regional summit. It will mean the consummation of an idea which the South Asian countries have been approaching with great caution and circumspection.

#### NON-CONTROVERSIAL

The first two preparatory meetings of foreign secretaries held in Colombo and Kathmandu have gone through well presumably because the areas of

co-operation chosen were non-political, outside the pale of controversies.

The Colombo meeting set up five study groups on agriculture, rural development, health, meteorology and telecommunication. The reports prepared by these groups were submitted to the Kathmandu meeting which approved them and set up three more study groups on scientific and technical services, transport services and postal services. The recommendations of these groups will be submitted to the third meeting.

The Islamabad meeting will be held in an improved atmosphere of co-operation primarily because the governments in Dacca and Colombo appear to have adopted a pragmatic approach to their problems. Though there have been new strains in relations between India and Pakistan, as far as New Delhi is concerned, it seems to welcome an opportunity for improving ties at non-political levels to counter-balance the difficulties in areas where no immediate relief can be expected.

CSO: 4220/7299

BRUNEI EYED AS NEW ASEAN MEMBER

Manila PHILIPPINES DAILY EXPRESS in English 12 May 82 p 1

[Text]

JAKARTA, May 16 — Indonesia is keen on having Brunei join the Association of Southeast Asian Nations (ASEAN) because it will further strengthen the organization's position in dealing with regional and international affairs, Indonesian officials said here today.

The oil-rich British protectorate on Borneo island is bound to feel secured within ASEAN, they added.

They were commenting on the current visit here of a Parliamentary mission from Brunei which, according to mission leader Pangiran Indra Mahkota Kamaluddin Al-Haj, is to cement good relations between Brunei and Indonesia.

\*\*\*

THE TINY sultanate, bordering Indonesian Borneo in the north, will gain its independence from Britain next year.

President Suharto briefed the

mission yesterday on ASEAN's objectives and development, the officials said.

Mission members also held talks with Foreign Minister Mochtar Kusumaatmadja on regional and bilateral issues.

\*\*\*

BRUNEI has a per capita income of \$1,500, one of the highest in the region.

Indonesia is believed to have assured Brunei that it has abandoned the late President Sukarno's policy of interfering in the Sultanate's internal affairs.

Sukarno gave political asylum to former Brunei rebel leader Azahari whose bid to topple the Sultan in 1963 failed.

Indonesia regards Brunei as being quite suitable to be an ASEAN member because of its geographical position (AFP)

## KAREN REVOLT REVIEWED

Bangkok BANGKOK POST in English 9 May 82 pp 15, 22.

[Text]

**ASK them why they fight and they'll tell you they want national freedom. Ask them whether they can ever hope to win, and they'll smile slowly and tell you yes, one day. But after the decades, no one counts the days any more.**

Thirty years after they took up arms against the central government, victory for the Karens of eastern Burma is less a goal than an act of faith. But this year, like last year and the year before that, faith is not in short supply: west of the Moei River that marks the border, the dry season months have again been long, hot and sporadically bloody.

The war has been its usual mix of skirmishing, raiding, march and countermarch punctuated by occasionally heavy clashes as Burma Army units have thrust into the wedge of territory between the Moei and the Salween — a border tract the Karen National Liberation Army (KNLA) dominates and vows it will one day wrest from even nominal Burmese control. In their own language they call it "Kawthoolay". An improbable little jungle Ruritania, it struggles on as the embattled residue of a dream of independence that began with the Karen Revolt of 1949.

And for the insurgent Karens Kawthoolay is where the buck stops. From here there is no more retreat. Only surrender or exile.

In more than 30 years though Rangoon too has learned some lessons. Today its campaigns are seldom targetted on the elusive rebel columns that criss-cross the parched flatlands along the Salween and melt away again into the

tangle of purple mountains on the border. The aim is to hit the Karens where they're most vulnerable — along the lines of black market trade that is the life-blood of insurgent economy, organisation and armament. And there is only just so much the guerrillas can do about that.

But if the KNLA with its arsenal of assault rifles, carbines and grenade launchers can hardly halt the advance of Burma Army units 500 strong and more, the Burmese have headaches of their own. As over-eager commanders are wont to discover at some cost to their careers (and men's lives) getting into Karen country is one thing; getting out again something else. The trading centres and guerrilla bases near the border may be tempting. But the deeper the Army penetrates, the harder it is to extricate themselves along the narrow, rutted cart-tracks through thick jungle that are both the only lines of advance and ideal spots for ambush.

Awkward too is the fact that trade can be halted only just so long as the Army stays. Getting the wheels of illicit commerce turning again once government forces have headed home is impressively swift, in a part of the world where everything else is impressively relaxed. But then the profits involved for guerrillas and traders alike being what they are, that is anything but surprising.

In many ways last month's fighting was as good a picture of the conflict as any. And, for that matter, not a bad picture of why no one is winning (or appears to be in any hurry to).



Around the middle of the month the Burmese arrived, crossing the Salween with a column of between 500 and 1,000 men and heading in business-like fashion for the border. Evidently a major offensive. At least you might have been excused for thinking so. Shortly after crossing the river it almost bumped into a Karen force of 200 odd operating in the area under one Major Tutu of the KNLA's 7th Brigade.

A large, slightly fleshy 37 year-old, the major enjoys a certain reputation in Karenland: a man "born to fight" as one admiring subordinate put it. Suffice to say he has been chasing Burmese around the jungle since his early teens and evidently enjoys it. Reclining in a blue check sarong by his field radio at the edge of a dry river course where his men lay concealed, he was inclined to view the impending onslaught with almost Olympian indifference.

The Burmese, said the major, were about two miles away and there were lots of them. But there was nothing to worry about. If they attacked, there would be a battle. If they didn't, there wouldn't. As to whether the Karen would attack, well, that said the major impassively depended entirely on "the situation". It might all have happened a hundred times before. In fact, the impression was it probably had.

Two miles away in the mind of Lt Col Hla Myint, commander of the 6th Battalion of the Burma Army's 44th Light Infantry Division, "the situation" obviously presented itself in more compelling light. The Burmese force pushed on east into country they colour black on the map — black for rebel held. Before long it had reached the village of Klogadi, putting itself squarely athwart the road from the border along which a huge volume of black-market merchandise flows daily into the Socialist Union of Burma.

On arriving, the troops would not have been surprised to discover the inhabitants of the village (as many Burmese Muslims as Karens) had fled along with the traders — a fairly predictable expression of their confidence in the good manners and discipline of the Burma Army on one of its punitive forays.

With the place to themselves, the soldiers dug some stoutly reinforced bunkers, helped themselves to such of the local livestock as was still around and viewed their options.

One possibility was further advance along the track to the border and Methawa, a thriving little township on the banks of the Moei that is both trading centre and rebel base. On the map, a distance of a mere 15 miles. On the ground, a tortuous roller-coaster of a track that cuts across rivers, through jungled ravines and dense bamboo forests — a very long 15 miles.

Nor is Methawa a particularly inviting prospect for the invader if and when he gets there. Last time the Burma Army visited the spot was in October 1980. They came in strength with most of the 44th Division and four independent regiments. Moving up fast, one force scaled the precipitous crags that overhang the settlement to rain fire down on the surprised defenders. The rest attacked down the narrow defile along which the road cuts down to the town and river.

The garrison commander, Captain Tender, a stocky betel-chewing father of three, today recalls how the assaults simply kept on coming without respite. The defenders fell back into a shrinking perimeter; no reinforcements were in sight. A sort of latter-day Asian Alamo situation. The Karens though were not anxious to go down in a blaze of glory on the Moei. Tender, as he confides today in tones of mock horror, had no choice but to have a crate of Mekhong whisky ferried over from the Thai bank to put fire into his outnumbered and dispirited men. The unrivalled combination of Thai liquor and Divine Assistance (Tender is also a devout Christian) saved the day — the perimeter held until reinforcements arrived from along the river.

Both before and after the arrival of the Mekhong, carnage among the Burmese was heavy. By the time the attackers pulled back, scores lay dead in the narrow approach to the settlement where they had bunched for the assault. Methawa is a name unlikely to go down on the 44th's roll of honour. But not a name the division is likely to have forgotten.

Option No 2 was to sit tight in Klogadi. Option No 3 simply to go home again — a course of action likely to give rise to some doubt in the ranks as to why they had bothered to come in the first place. In the event, Col Hla Myint concluded discretion to be the better part of valour and remained in the village. His men commenced a leisurely and mostly inaccurate mortar fire against Prijito, a nearby way-station on the Methawa track where goods from Thailand are transferred from pick-up trucks to bullock carts. Not that there was anyone there at the time. But the Burmese weren't to know that.

Tutu meanwhile had finally divided his force, dispatching one group to harass the Burmese around Klogadi. It was commanded by a Captain Khar Soe, a slight, taciturn man with a penchant for village-brewed rice wine that the demands of the military situation appeared to stimulate rather than dampen. Tutu himself hung back with the greater part of the force to cover the enemy retreat. From Methawa a third force, the garrison company, was sallying forth to meet the invader.

Khar Soe's section reached the Klogadi area a day later and installed itself in a secluded gully at the edge of a neighbouring valley. The captain remained in the camp cross-legged by his field radio like some gaunt Buddha image listening intently to its hiss and crackle. Occasionally he talked excitedly into the telephone mouthpiece, or gave orders for a patrol to move out.

The first day the patrols probed, slipping down from the hills that flanked the valley darting across open paddy fields to the cover of a treeline to loose off a few rounds or a grenade into the village. Then like truant children they made off to repeat the performance from a different angle — the practised art of appearing to be everywhere at once.

On the second day, the section linked up with the heavily armed Methawa company on a wooded ridge overlooking the village and close to a commanding hill on which the Burmese had dug in. Now and then you could see them, small, insubstantial figures hardly visible through the trees. Improbable enemies.

Through the late morning the Karen too dug in along the ridge with feverish haste, silently. Everywhere was freshly turned earth, sweat, sweltering heat, precious little water and the piercing shrill of the cicadas overhead. By 1.30 they were ready crouched in foxholes as if half the Burma Army were expected to swarm up against them.

The rebel bombardment opened with a rocket from a bazooka — advertised as "Kawthoolay made" and looking it: a murderously simple affair, little more than a piece of oversized piping with a crude trigger mechanism and odd bits of wire hanging here and there. Surprisingly, it actually worked. There was a sudden, deafening crack, a terrific blast from the back of the thing that snatched up dust, leaves and started a small fire. Then, seconds later came the dull crump as the projectile made contact with the hill.

That was the signal for battle to commence, as a steady rain of small arms fire, mortar bombs and M-79 grenades were showered onto the offending hill. But of the enemy neither sight nor, it became gradually apparent, sound. They were just going to sit it out. The din continued for close on an hour before petering off into scattered shots, yelled taunts, the oddly hollow pop of an M-79, silence. And then the rising shriek of the cicadas in the trees — the jungle reasserting itself.

And still from the hill nothing but a dust shrouded silence. No shots in reply, no furious counter-barrage, nothing ... until finally from down in the valley echoed the lazy, intermittent report of a mortar, sending the guerrillas scrambling for cover. A crouching, anxious wait counting off the seconds until in a string of reverberating thuds the incoming rounds came crashing into the trees far down the slope, so far off you wondered if they even knew what they were shooting at. Or cared. As the sun slipped lower the Karens moved off the ridge back to their valley leaving the Burmese to continue the war alone and at random against the jungle.

The next morning the Burmese left Klogadi as abruptly as they had come. No one seemed to know why. Perhaps they were unnerved by the concentration of rebel fire-

power; perhaps, unwilling to risk a push to Methawa, they had never intended to stay. But if they were worried about getting out again, they had good reason. Behind them the rebels were moving warily down off the high ground, filtering back into the village, now eerily deserted, its bunkers yawning empty. Within hours reinforcements arrived by pick-up from Methawa loaded with an 81mm mortar, ample ammunition and a machine-gun of venerable if uncertain vintage.

To the Burmese front, the main Karen force waited.

The trap snapped shut in the afternoon as Maj "born-to-fight" Tutu and the intruders began to slog it out in a running battle that echoed and rolled along the valley until after dark. Then it gained in intensity as Karen guerrillas moved in closer to overrun a mortar position in a furious little action that cost the Army the mortar and its crew. From the rear, outside Klogadi a continuous harassment from jubilant Karen mortar-men kept Burmese heads down. Between 10 and 20 died at a cost of one guerrilla officer killed.

Tutu knew better than to push his luck though. That night his men melted away to permit the Burmese bull a way of escape. Next morning the retreat continued. Behind the mauled government force the Methawa Karens followed in a tentative, inching advance clearly anxious to "pursue" while equally anxious to avoid actually catching up. A tricky balance — as they discovered when the vanguard blundered headlong into an ambush at the rear of the Burmese column, sparking a brief firefight, sudden, blind and thoroughly confused. The Karen ammunition porters fled with impressive alacrity, the troops in more orderly fashion, wounded dragged off piggy-back.

Now that the Burmese were clearly headed home, smarting and still dangerous, no one was that keen to take risks. The "pursuers" retreated a mile or so and recovered from their fright over lunch and a relaxed expenditure of mortar ammunition in the general direction of the ambushers. At the price of a few loud bangs confidence was swiftly restored.

So the withdrawal to the Salween continued; followed at a respectable distance by the KNLA and behind them by the creaking bullock cars moving back to the huge market of Burma proper. The end of an "offensive" — unspectacular, indecisive, inconclusive. The Karen war in a nutshell, conflict that is both a war and a way of life, a sputtering military continuum sustained by an ideal of independence sufficiently far removed from the political realities of Burma today not to interfere with more immediate matters of trade and taxation.

And trade, as the cynics would have it, is after all what it's all about. Undeniably it suits just about everyone. The KNLA's political wing the Karen National Union tax it at a handsome eight per cent (just up from six) and gain the wherewithal to fund a shadow government, a pocket army and some well-worn ideals. Neither are the merchants who run the cart convoys and porters across Kawthoolay complaining — not even at eight per cent. One Muslim trader from Thaton, back in Klogadi with four laden carts just 24 hours after the Army pull-out, reckoned he was making a good 10,000 kyats per trip. With a journey to the border and back taking a week, that meant three trips a month. Aged 33 and employing several porters and cart drivers, not difficult to see why he's been in the game since the age of 13.

Despite the tiresome necessity of periodic forays into Karen country, the Burma Army too is getting a share of the action. For every laden cart that lumbers westwards into government controlled areas, 200 kyats end up in the pockets of the soldiery. Once past the first checkpoint and loaded onto individual porters, there's a further 20 kyats per porter for both the Army and the Police. The officer corps prefers of course to avert its eyes, but has (as one trader delicately termed it) "understandings" with the other ranks. There is, after all, more than enough to go round.

Similarly, the urban populations of Thaton, Hlaingbwe and Shwegun, not to mention the major cities beyond, have more than a

casual interest in seeing the consumer goods that socialism scorns to provide reaching them. The only losers it seems are the ideologues of the regimes' Burma Socialist Programme Party (BSPP) who rail against the smuggling and the corruption it spawns without proposing any alternative beyond noble self-denial.

Their representatives on the ground, the vigilantes of the officially sponsored People's Councils prosecute their own little war against the infection in the towns with seizures of goods, arrests, more rarely brief prison spells.

Token gestures. For the government's essential dilemma persists. Even assuming it were viable, an effective crack-down on the trade that would deny the insurgents their revenues would simultaneously deny the populace the goods that dull the edge of disaffection. Apathy, disinterest, corruption, the system has learned to live with. But serious urban discontent such as flared in 1974 is one distraction Rangoon can do without.

And yet, amidst the lucrative business of border commerce, the old ideas that fired the Karen revolt of 1949 live on. Despite the steady consolidation of the Union over 30 years, the destruction of Karen forces in the Irrawady

Delta, the shrinkage of their eastern redoubt, the vision of a separate state and identity remains.

In one sense, it is the dream of an aging generation of Anglophile, Christian leaders, men often more British than the British who fought at Insein on the very outskirts of Rangoon, who occupied Mandalay; men for whom victory was so nearly a reality. With the passing of the generation of '49 and the rise of commanders whose horizons are bounded by the Salween and the Moei that dream could die.

Could, but probably will not. For ultimately it draws its strength from the villages between the rivers. There, politics is simpler, more immediate but as compelling. It is so often just a bitter tiredness with having men pressed into Army porter service, women occasionally raped, houses burned, cattle stolen. And this by men who expect them to speak another language, adopt other ways and attempt to be something they are not — Burmese.

The soldiers keep coming, raking over the embers of last year's anger, fanning the fires of next's. And the war drags on.

The Karen of course are not winning. But then as Col Hla Myint will tell you, they're certainly not losing either.

TRANSPORTATION ACHIEVEMENTS REVIEWED

BK261514 Rangoon Domestic Service in Burmese 1330 GMT 26 May 82

[Excerpts] The meeting of the Ministry of Transport and Communications to review the accomplishments of 1981-82 and to discuss programs for 1982-83 opened at 0900 today at the Water Transport Corporation on Pansodan Road, Rangoon. Minister for Transport and Communications Thura U Saw Pru delivered an opening address.

In his opening address, Minister Thura U Saw Pru said the objectives of transport corporations for the 4-year period of the third 4-year plan were to transport 975.6 million passengers and 14,411,600,000 passenger-miles, but the actual transportation was 914.6 million passengers and 13,010,200,000 passenger miles. Thus, 93.75 percent and 89.84 percent of the planes were implemented, respectively.

Regarding freight transportation, the objectives of transport corporations for the same 4-year period were to transport 22.5 million tons of freight and 13,618,400,000 freight-ton-miles, but the actual transportation was 21.7 million tons of freight and 17,576,900,000 freight-ton-miles. Thus 96.28 percent and 128.41 percent of the plans were implemented, respectively.

The minister said during the third 4-year plan, transport corporations did not succeed in implementing passenger and freight transportation targets every year. However, he said he was satisfied that the transportation of passenger and freight had increased every year.

He added that as the economy of the state improves, more investments will be made to strengthen the transportation and communications sector. There are plans, he said, to invest kyat 883.7 million during the 1982-83 fiscal year--the first year of the fourth 4-year plan--and kyat 4,116,200,000 for the entire fourth 4-year plan. We are now beginning to implement the fourth 4-year plan which ranges from 1982-83 to 1985-86, and the objective is to invest 13.02 percent of the total state investments in the state transportation and communications sector, the minister added.

The objectives, the minister said, are to increase the net services value of the transportation sector by 5.3 percent yearly and that of the communications sector by 16.4 percent yearly. It will be necessary, he said, to effectively and successfully implement these objectives.

CSO: 4211/21

BURMA

BRIEFS

POWER LINE PROJECT--The Electrical Power Corporation under the Ministry of Industry II will obtain U.S. \$70.1 million under the special drawing rights from the International Development Agency to carry out a super power line project which will connect all existing as well as under construction hydroelectric and natural gas power generating stations in the country. [Rangoon Domestic Service in Burmese 1330 GMT 19 May 82]

COMBAT NEWS FROM SHAN STATE--On 7 May a small unit of the People's Army blew up and destroyed the (Long Kin) and (Man Pok) bridges used by the mercenary army on Hsenwi-Kunlong Road. Between 12 and 14 May, a combined unit of the People's Army and the Kachin Independence Army conducted an attack on the military government's mercenary 75th infantry regiment at (Loi Kawng)-(Sai Hkawng). According to incomplete reports, 10 enemy soldiers were killed and almost 50 others were wounded in the attack. Also on 13 May the enemy camp at (Mong Bon) village, near Mong Mit, was attacked. Three enemy soldiers were killed and the People's Army seized 10 carbines and more than 600 rounds of ammunition in the attack. [Text] [BK241004 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 23 May 82]

CSO: 4211/21

## G.K. REDDY NOTES PROBLEMS IN INDO-U.S. RELATIONS

Madras THE HINDU in English 6 May 82 p 1

[Article by G.K. Reddy: "P.M. May Visit U.S. in July"]

[Text]

NEW DELHI, May 5.

There is still no reply from Washington to the Indian suggestion for rescheduling the Prime Minister's visit to the U.S. towards the end of July, but Mrs. Indira Gandhi's advisers do not anticipate any great difficulty in finding alternative dates.

The Indian Ambassador, Mr. K. R. Narayan, is expected to come to New Delhi for consultations to prepare for the visit after he gets some indication of the dates from the White House.

The U.S. invitation to the Prime Minister and her acceptance of it are seen as part of a conscious effort by both sides to establish a better working relationship despite the persisting differences between the two countries over several issues.

Though Indo-American relations continue to be strained by their differing perceptions of many international problems, there are no serious bilateral conflicts other than the Tarapur question to sour these relations.

The main points of friction at present are India's on-going relationship with the Soviet Union, its refusal to line up with the U.S. in condemning the Soviet intervention in Afghanistan, India's opposition to the American naval build-up in the Indian Ocean and its strong disapproval of the rearming of Pakistan, the vagaries of the Reagan Administration's China policy, and the U.S. attempts to curtail India's share of international developmental assistance.

A dilemma facing the policy-makers in Delhi is whether it would be more desirable to get the Tarapur problem out of the way by terminating the nuclear agreement before Mrs. Gandhi goes to Washington or put it high on the agenda for a personal discussion on the subject with the U.S. President, Mr. Ronald Reagan in an attempt to avoid bitter recrimination over the modalities of termination on the

eve of her visit. The two Governments are not talking about their tacit understanding to allow the import of some critical spares for the Tarapur plant without prejudice to their respective positions over the basic aspects of the problem.

**Roosevelt centenary:** Meanwhile, it has been agreed to celebrate the Roosevelt centenary in India later this year with some seminars and other functions on the contribution of Roosevelt and Nehru to the evolution of democracy and their commitment to freedom. Many distinguished American political personalities, scholars and retired diplomats are to be invited to participate in these functions.

The preface to the recent congressional staff committee report on Indo-American relations stresses the importance that India attaches to good relations with the United States, despite their recurring differences over many issues. The U.S. in turn has started realising the futility of indulging in pin-pricks to irritate and even provoke India with unfriendly acts which serve no particular purpose other than alienating the sympathies of one-sixth of the world's population.

The present time is thus considered by both sides to be politically and psychologically an appropriate occasion for a meeting between Mrs. Gandhi and President Reagan. The primary purpose of such a meeting is to dispel wrong notions about each other's attitude rather than achieve any dramatic results.

It is for this reason that both sides are equally keen that the visit should take place soon. And the move to reschedule it has been made in full awareness that the U.S. will try to accommodate it at the end of July as suggested to sustain the mutual desire for a better working relationship despite the persisting differences.



ANALYST DISCUSSES INDIAN POLICY ON FALKLANDS

Madras THE HINDU in English 7 May 82 p 1

[Article by G.K. Reddy]

[Text] New Delhi, May 6. For the first time since Independence, India has chosen to remain discreetly silent over an issue of international importance like the current conflict between Britain and Argentina over the Falkland islands.

Apart from the cryptic statement that was issued on April 3 deploring the use of force and appealing to both sides to settle the issue through peaceful negotiations, India has said nothing so far on the substantive aspects of the dispute.

In similar situations in the past, the Government, never missed an opportunity to voice India's views on the merits of the issues and take an active interest in initiating necessary moves through the U.N. and other relevant organisations like the non-aligned movement to bring about a settlement. But this time India has been adopting what in the view of some observers amounts to a neutral stance, deliberately refraining from any public comments on the conflict.

Puzzle: The inexplicable Indian silence has certainly puzzled diplomatic observers in Delhi who are interpreting it differently according to their own predilections. The Western powers generally see in this reticence a refreshing sign of maturity on India's part, while the Soviet bloc countries see a marked reluctance to say anything that might offend Britain.

The Latin American group at the United Nations is reported to be rather bitter that Asian and African members of the nonaligned group have been less than lukewarm in their support to Argentina in terms of the Colombo summit resolution which was reaffirmed last year at the Foreign Ministers' conference in Delhi. But the Indian view is that it would serve no particular purpose to speak out at this stage on the merits of the dispute, when the real issue at the moment is how to bring about an early ceasefire.

If and when the issue goes to the U.N. General Assembly, India will make its views known on the alternative formulations that are bound to be put forward to bring about a peaceful settlement. The nonaligned community would be happy to see the U.N. brought into the picture in a peace-keeping role once there



is a ceasefire. It will imply a U.N. supervised administration, with a token force drawn from other countries under its auspices, as a temporary expedient pending a final settlement.

The new accent on pragmatism in India's foreign policy postures is reflected by the reluctance to say anything on the merits of the Falklands dispute that might offend Britain. The recent improvement in Indo-British relations is a striking example of Mrs Gandhi's sustained efforts to have a better accord with countries of Western Europe.

The Prime Minister came back from her visit to London in March greatly impressed by Mrs Thatcher's genuine desire for closer Indo-British relations. It was evident from her quick response to the Indian plea for keeping up the full share of British contributions to the sixth IDA replenishment, which set the tone for similar action by Germany and France, despite the U.S. opposition. It is quite understandable if India is not going out of its way to say anything at this stage that might embarrass Britain.

Not the only one: But then India is not the only major non-aligned country that is adopting a low stance over the Falklands issue. It is an indication of the effectiveness of British diplomacy in virtually neutralising the possibility of any adverse reaction by the Third World during the initial stages of the Falklands crisis, when many non-aligned States would have followed suit if a major country like India had viewed it as a case of decolonisation.

Whatever the merits of the Argentinian claims which are not disputed by the Third World critics of its initial military action, the British Government has by and large succeeded in convincing them that the Falklands issue does not automatically fit into a classic anticolonial mould because its tiny population is entirely of British origin. And this has been a major factor in influencing the attitudes of countries like India which would have normally denounced the British response irrespective of the Argentinian action.

CSO: 4220/7297

## G. K. REDDY WRITES ON RELATIONS WITH PAKISTAN

Madras THE HINDU in English 11 May 82 p 1

[Article by G.K. Reddy: "P.M. To Write to Zia"]

[Text]

NEW DELHI, May 10.

The Indo-Pakistan moves for an early resumption of the stalled no-war dialogue have virtually ground to a halt at least for the time being, even if these efforts have not run into a dead end, with neither side making any fresh overture at present for finding a way out of this tangled situation.

There has lately been a marked hardening on the part of Pakistan after the new Foreign Minister, Gen. Yaqub Ali Khan, has taken over from Mr. Agha Shahi, although he continues to talk reassuringly of his country's desire for better relations with India.

But it is not India's policy to let this stalemate harden into a deadlock to the detriment of peace and stability in the sub-continent. So, the Prime Minister, Mrs. Indira Gandhi, proposes to write to Gen. Zia-ul-Haq as part of her on-going correspondence with him, restating the Indian position that the two countries could restart the process of normalisation by setting up a joint commission, while proceeding side by side with the no-war dialogue for entering into a treaty of peace, friendship and cooperation abjuring the use of force for settling bilateral disputes.

The last communication from Gen. Yaqub Khan to the External Affairs Minister, Mr. P. V. Narasimha Rao, had, no doubt, stressed that Pakistan stood by the joint statement, issued at the end of Mr. Agha Shahi's visit to Delhi, which welcomed the idea of a joint commission while agreeing to carry forward the no-war discussions. But the subsequent observations of Gen. Zia, including his latest remark that the Kashmir question was not strictly a bilateral issue, have led to some misgivings in India's mind about Pakistan's real intentions behind the no-war proposition.

The present lull in diplomatic activity on the Indo-Pakistan front is partly attributable to the still incomplete changes in the two Foreign Ministries and their embassies in Islamabad and Delhi. The new Foreign Minister of Pakistan will require a couple of months more to settle down, while the continued talk of a possible shift of Mr. Narasimha Rao from External Affairs to Home during the next reshuffle has been creating a similar uncertainty in Delhi.

Though the new Foreign Secretary, Mr.

M. K. Rasgotra, has taken over in Delhi, his counterpart in Pakistan, Mr. Riaz Piracha, is being posted as the next Ambassador of Pakistan to India and he is not likely to take up this assignment till the end of June at the earliest. The new Indian Ambassador to Pakistan, Mr. K. D. Sharma, who is at present High Commissioner to Australia, is not expected to reach Islamabad before July, if not August.

The Secretary-General of the Pakistan Foreign Ministry, Mr. Shah Nawaz, is also due to move out soon. The next Secretary-General and the Foreign Secretary will take some time to get acquainted with the complexities of Indo-Pak. relations. They must also get used to the style of functioning of the new Foreign Minister, who is much closer to Gen. Zia than Mr. Agha Shahi, who never had a proper rapport with the military establishment.

But on the Indian side Mr. Rasgotra, has had an excellent personal relationship with Gen. Yaqub Khan, during their stay in Paris as fellow Ambassadors of India and Pakistan. Similarly, Mr. K. Natwar Singh, the former Indian Ambassador in Islamabad, who is now Secretary in charge of Pakistan affairs in the External Affairs Ministry, has had a good equation with Mr. Piracha during his tenure there.

These two contacts would be helpful at the working level in smoothening the rough edges of Indo-Pakistan diplomacy as the two countries start coming to grips at some stage with the no-war negotiations.

Meanwhile, India is keeping up its efforts to find some acceptable basis for direct contacts between Pakistan, Iran and Afghanistan, in the context of the U.N. mediator's endeavours to bring about such a dialogue in one form or the other under any auspices. After her recent talks with the Iranian Foreign Minister, Mr. Ali Akbar Velayati, the Prime Minister is writing a letter to the Afghan President, Mr. Babrak Karmal, on the subject.

During the reactivated Indo-Afghan joint commission meeting in Kabul later this week, the leader of the Indian delegation, Mr. Natwar Singh, will have the opportunity to meet both Mr. Babrak Karmal and his Foreign Minister, Mr. Shah Mohammed Dost.

## REPORT ON INDO-NEPAL INTERGOVERNMENTAL TALKS

New Delhi PATRIOT in English 19 May 82 p 8

[Text]

INDIA and Nepal have agreed upon a number of measures to check smuggling, promote bilateral trade and improve transit facilities for Nepal through the Indian territory, reports UNI.

The officer on special duty in the Directorate of Revenue Intelligence in New Delhi and the Director General of Customs, Kathmandu, have been designated as "contact points" for co-operation to check unauthorised trade.

It was also agreed at the recent fifth meeting of Indo-Nepal inter governmental committee in Kathmandu that the Director General of Customs of Nepal and the Collector of Customs, Patna, should meet at least once in six months. Both sides would exercise greater vigilance in the border areas to monitor and control unauthorised trade.

An official release said on Tuesday that Nepal had assured to supply logs and sleepers to the Indian Railways on time. The Indian side had agreed to waive the proforma procedure in the case of items of clearly Nepalese origin like 'katha,' unbranded ghee and minerals like limestone and slate.

It was noted that processing of proformae had been streamlined and the timelag in issuing notifications for preferential entry into India of Nepalese industrial products would now be considerably reduced. India would renew notifications with-

out insisting on fresh proformae if the Nepalese authorities certify that there was no change in the contents of the concerned product.

It was agreed to provide insurance cover for all goods in transit. Even in regard to goods belonging to private Nepalese parties and moving to Nepal in privately-owned trucks, insurance cover is expected to be available by 30 June after completing the modalities.

The meeting had observed that the transit facilities at Calcutta Port had improved considerably. Line restriction for movement of transit goods via Garahara had been removed. Therefore, there would not be any difficulty in the movement of bulk cargo from the transit shed within the prescribed period.

Even so, as a special gesture, India agreed to increase the period of 15-30 days to 45 days in respect of Nepalese traffic in transit. This would eliminate the difficulties arising out of the triple rent imposed on Nepalese cargo in transit.

India has agreed that no detention charges would be levied by the Calcutta Port Trust for the first three days of the wagons being made available. Exemption made would also be considered in all cases on merits where delays might occur for factors beyond the control of the importer. Due assistance would be given to the Nepalese

side for the placement of sufficient number of wagons and for moving fully the loaded wagons.

It has also agreed to open one more transshipment point at Gorakhpur, taking into account, among other things, the developmental needs of far-western Nepal.

As a special case, India agreed to increase the free period for the storage of bulk cargo at Narayanpur Anant from one day to three days. Facilities would also be provided to the Nepalese, to build their own warehouse and siding with the help of the Indian Railways.

The Indian side agreed to permit the Nepalese side to keep the goods imported by them in their shed at Raxaul subject to requisite safeguards.

During the discussion leader of Nepalese delegation, Malla stressed the need for India's continued support to Nepal to promote the export of her manufactured products. He hoped that India's new liberal import policy would provide new opportunities to export Nepal's manufactured products to the Indian market.

Leader of Indian delegation Abid Hussain stressed that the two sides should explore new avenues of cooperation.

It was decided that the next meeting of the committee would be held at New Delhi on dates to be decided through mutual consultations.

## NEW POLITICAL PARTY FORMED IN KARNATAKA

Madras THE HINDU in English 11 May 82 p 1

[Text]

BANGALORE, May 10.

The Karnataka Kranti Ranga, led by Mr. D. Devaraj Urs, which will consider uniting with like-minded parties like the Lok Dal and the Janata, formally came into being today.

A "convention of supporters" of Mr. Urs ratified the decision taken by the executive committee of the Karnataka Pradesh Congress Committee (S) on April 26 and 27 to form a regional party.

The naming of the party was significant in many ways. For the first time, the Congressmen gave overwhelming support against giving the name 'Congress' to the new party and also gave up all claims to being the "real Congress", unlike all splinter groups of the Congress which had been born since 1969.

**Urs will consider unity:** The meeting also ratified the executive committee's resolution authorising Mr. Urs to consider the question of unity with the Lok Dal and the Janata after consulting the steering committee which would consist of members of the executive committee of the erstwhile KPCC (S), Presidents

of district units and Legislators.

The resolution was moved by Mr. J. H. Patel, MLA and seconded by Mr. M. C. Perumal, MLC, an old-time Congressman. It was Mr. Perumal who first voiced the demand for giving up the name Congress.

There was some debate on the naming of the party. Then the final decision was left to Mr. Urs, who said he would suggest a name if it was approved unanimously. Then he suggested the name "Karnataka Kranti Ranga", and it was greeted with vociferous approval.

There was a suggestion that the party be called one of peasants and workers. But the leaders said they should not associate themselves with any one particular section.

Mr. Urs did not express his support either for a regional party or for forming a national party, but left the matter to the convention. He told his supporters they need not fear that he would lead them to the Lok Dal or the BJP.

CSO: 4220/7301

## DEFENSE FAILURE TO DEVELOP MISSILE SYSTEM SCORED

Madras THE HINDU in English 11 May 82 p 7

[Text] New Delhi, May 10. The Public Accounts Committee (PAC) of Parliament has expressed displeasure over the Defence Research and Development Laboratory's (DRDL) inability to "develop or design" an anti-tank missile system even over a 10-year period, leading to the closure of the project in April 1972, after incurring an expenditure of Rs 28.72 lakhs against the estimated cost of Rs 6 lakhs.

The committee in its 113th report said the delay in developing the weapons system necessitated import of certain quantities of the two varieties of the weapon costing Rs 4 crores.

In addition, equipment costing Rs 23.47 lakhs for mounting the weapon on a vehicle had also to be imported.

Further, imports of mounts of a different design offered by another source were also made at a cost of Rs 17.13 lakhs in October 1972.

'No deep examination': The Army headquarters did not examine the proposal in depth before assigning the project to the Vehicle Research and Development Establishment (VRDE) to develop a suitable mount for deploying the weapon system to improve the operational effectiveness of these tanks.

'Waste of precious years': Had this been done, the process of trial and error, which ultimately resulted in "nothing but waste of five precious years" would have been cut short, if not altogether avoided.

The committee hoped that proper lessons would be drawn by the Government from its experience in this case.

DRDL was entrusted with the project in 1962. At the initiative of the user, it was converted into a staff project and necessary sanction was accorded in January 1964.

No time schedule for its completion was fixed since it was a new field of technology for which adequate know-how and even the basic infrastructure did not exist then in the country.

At the time of revision of cost estimate in 1966, it was felt that it would be possible to complete the project in one-and-a-half to two years.

The committee regretted that DRDL could not develop it even over a 10-year period.

Reliability of weapons system: By January 1969, it had become clear that the weapon under development was not suitable for induction in the army. The user trials showed that the reliability of the weapons system actually achieved was 64 per cent at a range of 1,500 yards as against 90 to 95 per cent reliability required at a range of 2,000 yards.

It was, however, decided to continue the work on the project "to enable the scientists in DRDL to derive maximum benefit from the project in the areas of design, development, engineering trial techniques and evaluation methods of similar weapons.

The committee found that an expenditure of Rs 27.64 lakhs had been incurred on the project up to January 1969 and a further expenditure of Rs 9.91 lakhs was incurred from February 1969 till the closure of the project.

"Thus, the total expenditure on the project comes to Rs 37.55 lakhs out of which credit to the tune of Rs 8.82 lakhs is stated to have been given on account of salvage items assets utilised elsewhere on the closure of the project.

The committee said since the user trials had been completed by August 1970, there was "no ostensible reason" for delaying the formal closure of the project till April 1972.

Much of the extra expenditure of nearly Rs 10 lakhs could therefore have been saved and the project could have been formally closed in August 1970, itself, the committee said.—PTI

CSO: 4220/7301

## GANDHI 11 MAY SPEECHES IN KERALA REPORTED

New Delhi PATRIOT in English 12 May 82 pp 1, 7

[Text] Trivandrum, May 11 (UNI, PTI). Prime Minister Indira Gandhi today charged the CPI(M) and the CPI with providing a foothold to the RSS and the BJP in Kerala.

Mrs Gandhi said it was the misrule of of the CPI-M that gave RSS a foothold in the State, and through them came the BJP. The CPI-M and the CPI, she said, did not realise that the BJP and the RSS were making use of them in achieving their sole objective of destroying her and her party.

Addressing an election rally here, Mrs Gandhi denied charges of authoritarianism levelled against her and her party by the CPI-M and its allies and challenged them to cite a single instance of authoritarianism since her return to office in 1980.

Refuting the charge of one-party rule raised by the Opposition, particularly the CPI-M, Mrs Gandhi said she and her party always believed in democratic functioning. But she would like to know whether there was multi-party rule in Communist countries.

Mrs Gandhi also accused the Marxists of converting their regime (as and when they came to office) into a rule for the party instead of a rule for the people.

Even though rain started soon after Mrs Gandhi began her speech, the crowd sat patiently throughout the address.

**CONFRONTATION**

Mrs Gandhi's main charge against the Marxists was that they were obsessed with the policy of

confrontation with the Centre. She wanted the people of Kerala to ponder whether such a policy was in their interests.

The BJP, Mrs Gandhi said, was reactionary and its policies were inimical to secularism and progress.

She said the legacy left by the Janata regime was an economy in shambles and poor image of the country abroad. Listing self-sufficiency in food and great strides in industrial and scientific progress among the achievements of the nation since her return to power, Mrs Gandhi said much more had to be done. Special programmes like the 20-point programme were designed to better the conditions of the poorer and weaker sections of the people, she added.

**EXTENSIVE**

Never before had Mrs Gandhi campaigned so extensively as in this election in which she toured from Manjeswar in the North to Parassala in the South, touching every district in the State.

During the first phase of the electioneering on 5 and 6 May, Mrs Gandhi has toured the northern districts of the State. In the second tour being conducted now, she is concentrating on southern districts.

Even though she had been slated to speak at nearly 30 centres only, she was accorded way-side receptions at innumerable

places.

Soon after her arrival at Cochin this morning by an IAF aircraft, Mrs Gandhi changed over to a helicopter and visited Shertallal in Alleppey district. From then on it was almost a non-stop tour by helicopter and car. She will conclude her visit tomorrow.

Congress-I leader K Karunakaran and Union Communication Minister C M Stephen accompanied her throughout.

Mrs Gandhi's campaign in south Kerala lasted till midnight. In the constituency (Nemim) of former Chief Minister K Karunakaran, people in massive strength turned up and lustily cheered her..

Mrs Gandhi's meeting at Trivandrum was mammoth. Accompanying the Prime Minister were Mr Karunakaran, Communications Minister C M Stephen, Dr Shankar Dayal Sharma AICC-I observer to Kerala and KPCC-I general secretary M M Jacob.

Mr Stephen translated Mrs Gandhi's English speeches into Malayalam.

#### MINI-MANIFESTO

In all the meetings, Mr Karunakaran reeled out a mini-manifesto for the election to thunderous applause by the audience. The promises made include improvement in the law and order situation, stability of the State Government and pension to genuine agricultural workers.

Mrs Gandhi will wind up her electioneering in Kerala tomorrow afternoon and leave for West Bengal.

In a bitter attack on the Marxist rule in Kerala, Mrs Gandhi charged them with making a mess of the administration. The law and order situation had deteriorated, political murders were taking place and the State's progress had received a setback, she said.

Mrs Gandhi ridiculed the Marxist leaders' charge that she was an authoritarian and believed in one-party rule. 'We in India have allowed parties of all shades to flourish but it is in Communist countries where there is one-party rule.'

Speaking of the problems facing the nation, Mrs Gandhi stressed the need for maintenance of peace and harmony to achieve the objective of socialism and self-reliance. A tremendous concerted effort must also be put in to achieve the goal, she said.

Poverty and backwardness, Mrs Gandhi, said, were the twin problems facing the country. Production had to be stepped up if economic backwardness was to be effectively solved. It should also be ensured that what was produced was equitably distributed she said.

#### 20-POINT PROGRAMME

In this connection the Prime Minister said the 20-point programme had been formulated to take care of the specific problems confronting the various sections of people like industries labour and Harijans, who needed special attention.

Earlier, Mrs Gandhi addressed election meetings at Chavara, Karunagappally, Pathanamthitta and Adoor.

She said she was distressed to hear that funds allocated for developmental activities in Kerala had not been properly utilised when the Marxists had been in power. They were not earnest about development but were interested only in exploiting the discontent among the people, she said.

Stressing the need for complete harmony between the Centre and the States, the Prime Minister said the Marxist line of confrontation with the Centre, even while ruling some States, would not be helpful to the people.

During their rule of Kerala, the Marxists had adopted this policy and that retarded the progress of the State, she added.

At another meeting at Changanacherry, Mrs Gandhi said that Kerala enjoyed a stable rule only when the Congress had been partner in the administration.

'The Marxists and their allies, who had come to power in the State on a number of occasions, spent their time in only fighting the Centre, she said.

Mrs Gandhi said the Marxists were not able to implement any development programme in the State because they were more interested in their confrontation

with the Centre.

Mrs Gandhi said the 'misrule' of the Marxists had led to the growth of a dangerous rightist force (an apparent reference to the BJP) in Kerala which was a 'big threat' to the minorities and the backward sections of people.

The Marxists, she said, had deliberately created law and order problems so that they could carry on their fight against the Centre on the pretext or other.

Refuting the Marxist allegation that the Congress-I was authoritarian and the Congress-I led United Democratic Front in Kerala was a rightist alliance, Mrs Gandhi said it was the CPI-M which was trying to perpetuate authoritarianism in the States they had ruled.

Mrs Gandhi said there was only 'one party rule' in the Communist countries. 'In our country, we do not suppress any political party,' she added.

The Prime Minister said the CPI-M was now in the rightist camp and it had openly aligned itself with rightist parties like the Lok Dal, both inside and outside Parliament. Even for the present elections, it had covert alliance with these rightist parties in some states, she added.

Mrs Gandhi said the Marxists, who had voted for her ouster from Parliament during the Janata Party rule, had no right to speak about democracy.

Mrs Gandhi ridiculed the Marxists for raising the 'bogey' that the Centre was out to 'capture' the States. The Constitution provided a good amount of autonomy to the States and the Centre stood by that, she added.

"At the same time, there should be a strong Centre, of course, not at the cost of the States, but for the good of the country," she said.

The Prime Minister said even when the economy was shattered during the three-year rule of the Janata Party and the Lok Dal, the Marxists had stood by them.

She said her Government was trying to put the country's economy back on the rails and to a certain extent they had succeeded. "Our policies have stood the test of time and that is why we are again seeking your support," she added.



INDIA

## GANDHI TELLS NEWSMEN TRAVEL PLANS, OTHER MATTERS

New Delhi PATRIOT in English 15 May 82 pp 1, 7

[Text] Chandigarh, May 14 (PTI)--Prime Minister Indira Gandhi said today that she was likely to visit the Soviet Union towards the end of September but was not sure whether she would be able to combine it with a trip to the Scandinavian countries.

'I shall see about it,' she replied when asked if visits to USSR and Scandinavian countries would be combined.

Talking to the PTI correspondent during her flight from Bagdogra (West Bengal) to Himachal Pradesh on her election tour, she confirmed she would visit the United States towards the end of July.

Asked if she would visit any other country also, Mrs Gandhi said she was intending to go to Mozambique before the year end.

Mrs Gandhi did not foresee any change in Pakistan's attitude towards India. Replying to a question, she said the Simla Agreement was in effect a no-war pact.

### Bengal Situation

Asked about law and order situation in West Bengal and its effect on the coming Assembly poll, Mrs Gandhi said she could only hope that free and fair elections would be held. "It was the duty of the Election Commission and the State Government to ensure safety to the voters."

Mrs Gandhi said when the attention of the Left Front Government was drawn to the recent murders in Murshidabad the State Government had never cared to institute an inquiry nor did it take cognisance of the situation.

She said she had recently been receiving complaints about 'atrocities' on the people of West Bengal. 'Those complaints are being regularly forwarded to the State Government. But no reply was received by her.

Mrs Gandhi said one thing was clear that people of West Bengal were 'fed up' with the Marxists rule over the past five years, and 'they have become conscious of this now.' Mrs Gandhi also criticised the Bharatiya Janata Party for spreading the 'rumour' that there would be no elections in the future. 'The BJP has joined hands with Marxists and has been spreading the canard,' she said.

CSO: 4220/7290

PRESS REPORTAGE ON REDDY VISIT TO YUGOSLAVIA

Report on 6 May Banquet

New Delhi PATRIOT in English 7 May 82 pp 1, 7

[Text] Belgrade, May 6 (PTI, UNI). India and Yugoslavia tonight called for strengthening of the Nonaligned Movement and ending without delay conflicts among member countries.

The call came at a banquet given in honor of President N. Sanjiva Reddy who arrived here to a warm and affectionate welcome on a five-day State visit to Yugoslavia.

In his speech, President Reddy said: "For the voice of the Nonaligned countries to be effective it is also essential that its own ranks must be closed and the unfortunate conflicts between the member countries must give way to peaceful negotiations and political settlement."

The Yugoslav President said it was high time to find ways and means of terminating without delay conflicts between nonaligned countries and of starting the search for solutions to the existing problems exclusively by peaceful means.

This was especially important in respect of the war between Iraq and Iran he said.

Exceptionally important for the successful outcome of the summit in Baghdad in September is the undelayed ending of the armed conflict between those two nonaligned countries and their proceeding to a search for the peaceful settlement of the outstanding problems existing between them.

Both President Reddy and Mr Kraigher saw great scope of close cooperation between India and Yugoslavia.

Recalling the decisions of the New Delhi Consultations of 44 developing countries, Mr Reddy said the programme chalked out at the time would give a fresh impetus to the launching of global negotiations. The meeting had brought forth some highly constructive and useful suggestions to bring about cooperation in the areas of food, energy, trade finance, raw materials, industry and technology.

Mr Reddy gave details of India's efforts to normalise relations with its neighbours, especially Pakistan and China.

On Indo-Yugoslav relations, Mr Reddy said the friendly association and mutual respect shared by the two great leaders Marshal Tito and Jawaharlal Nehru had been nurtured and strengthened by successive leaders in both the countries.

On way to Belgrade, Mr Reddy's plane flew over Britain, Belgium, Austria and West Germany. He sent messages of greeting to the heads of State of these countries while overflying their territories.

Earlier, at Dublin airport, Mr Reddy was given a warm send-off by Irish President Dr Patrick J Hillery, Prime Minister Charles J Haughey and other Irish dignitaries.

#### Reception on 7 May

New Delhi PATRIOT in English 8 May 82 p 3

BELGRADE, May 7 (UNI).

[Text]

**PRESIDENT Sanjiva Reddy today paid glowing tributes to the contributions of President Tito and Jawaharlal Nehru to non-alignment and world peace.**

Departing from his prepared speech at a civil reception accorded to him Mr Reddy said the foundation of non-alignment and Indo-Yugoslav friendly relations were laid by those two eminent leaders whose vision was great. 'We feel inspired to think of Tito and Nehru'.

President Reddy was repeatedly cheered during his speech at the function at which he was presented the golden plaque of the City and scroll.

Acting Mayor Bogdanovic referred to the close bonds of friendship existing between the two countries, which had chosen the nonalignment path.

He quoted from Tagore—'where mind is without fear and head is held high'—and said this thought was valid today for freeing the world from current tensions.

Mr Reddy noted the similarities of Belgrade and Delhi, where historical monuments and modern architecture coexist—'bringing before us in one sweep the continuity and historical cavalcade of the centuries'.

He referred to the destruction of Belgrade City during the Second World War and said its emergence as a modern metropolis was a memorial to the courage and determination of the people here.

Mr Reddy also spoke of the progress made by India since independence thanks to the foresight and planning of Nehru, who started mighty projects which he used to call temples of modern India.

Welcoming Mr Reddy to the 'city of freedom and of heroes', Mr Bogdanovic said the plaque testified to 'our deep respect for your personality and for your tremendous contribution to the efforts of the peace-loving world community at a time when hotbeds of disquiet are seriously threatening the survival of the loftiest human ideals'.

After the city Assembly function President Reddy planted a sapling of red oak at the Park of Friendship in the city.

The idea of setting up this park was mooted at the time of the Belgrade conference of nonaligned countries in 1961.

Eminent personalities have planted many trees in the park, which extends over an area of 14 hectares.

Earlier in the day, Mr Reddy drove to Mount Avala, a popular picnic spot 16 km from here and laid a wreath at the tomb of the unknown soldiers.

The monument is in memory of soldiers who died during the wars between 1912 and 1918. Mr Reddy also signed the book there.

## Talks With Kraigher

Bombay THE TIMES OF INDIA in English 9 May 82 p 13

[Text]

BELGRADE, May 8 (PTI).

INDIA and Yugoslavia have arrived at a broad measure of agreement on most of the issues, both international and bilateral, with the non-aligned movement remaining the central arena for co-operation between the two nations.

This was the outcome of two rounds of talks here last night between high level teams of the two countries headed by President N. Sanjiva Reddy now on a state visit to Yugoslavia, and President Sergej Kraigher.

Among the subjects that came up for discussion was the role and relevance of the non-aligned movement in today's situation in the Indian ocean, South Asia, South-east Asia and West Asia.

The two sides also exchanged views on the prospects of the seventh non-aligned summit.

Describing the talks, taking place in an atmosphere of goodwill and cordiality, an official spokesman told newsmen that there was identity of views on most of the subjects.

### ECONOMIC ISSUES

The two presidents also acquainted each other with the economic issues and problems facing the developing countries and the need to work

together in combating these problems through greater South-South co-operation.

Besides the President, the Indian side was represented among others by Mr. Veerendra Patil, minister of transport and shipping who also held separate talks with his Yugoslav counterpart, and Dr. J. S. Teja, additional secretary in the external affairs ministry.

Mr. Metod Rotar and Mr. Ante Zelic, minister for foreign trade and transport, assisted President Kraigher.

The two sides also discussed Indo-Yugoslav bilateral relations and ways and means of economic cooperation between them. Joint efforts to promote dialogue for global negotiations for economic order were also discussed.

Both the Presidents agreed the talks were positive and useful and that there should be frequent contacts between them.

The Yugoslav side also referred to and appreciated the important role and weight of India in the non-aligned movement in particular and in general to India's efforts to defuse the tensions.

After his two rounds of discussions the President leaves for Sarajevo and later to the sea resort of Split before returning home on May 10.

## Remarks to Newsmen

New Delhi PATRIOT in English 12 May 82 pp 1, 12

[Text]

PRESIDENT Sanjiva Reddy described his seven-day state visit to Ireland and Yugoslavia as "friendly and useful" and noted the identity of views on "almost all" international and bilateral issues between India and Yugoslavia, reports UNI.

Speaking to newsmen accompanying him on board Air India special carrier "Lhotse", Mr Reddy said the discussions in the Yugoslav capital had shown clearly that both the countries were keen on seeing the policy of non-alignment succeed. "Non-alignment", he said, "is much more necessary now than 10 years ago because of conflicts among major power blocs."

Mr Reddy returned to New Delhi on Monday night, after his visit to the two countries.

Mr Reddy said although Yugoslavia was a European country, it was still a developing nation

and therefore both India and Yugoslavia could share their technologies and cooperate in development.

The President was sure that the Indo-Yugoslav friendship, built by Jawaharlal Nehru and Marshal Tito—"who is still a household name in Yugoslavia"—would grow stronger for generations to come.

Referring to his visit to Ireland, Mr Reddy noted the goodwill and admiration Irish people have towards India. He said

mutual admiration started from

the days of Mahatma Gandhi and De Valera.

In a message to the Yugoslav people telecast in Belgrade on the conclusion of his five-day visit to that country, Mr Reddy said the non-aligned countries could achieve collective self-reliance in the economic field by

sharing their resources and technological know-how. This would strengthen their position vis-à-vis the developed countries to in promoting global negotiations for a new economic order.

The President said friendship between India and Yugoslavia was not 'incidental but one based on the firm foundations of mutual allegiance to the principles of non-alignment and on the similar experiences in the struggle against foreign domination'.

Mr Reddy said the non-alignment movement, of which India and Yugoslavia were co-founders, 'is even more vital now for the restoration of world peace than it was at the time of its inception'. This was because of the 'tense' world situation and the 'danger of a wider conflagration and annihilation of mankind'.

## PRIORITY FOR DEFENSE RESEARCH ADVOCATED

New Delhi PATRIOT in English 8 May 82 p 8

[Text]

BANGALORE May 7 (UNI) — Atomic Energy Secretary Dr Raja Ramanna said today that the country could become self-reliant in defence needs only if research and development were given their proper place.

Laying the foundation stone for a Rs 15 crore defence research and development complex here, he said no amount of equipment imports and licensed production would benefit the country's defence department. The nation would be able to reap the full benefits in the area of defence only if the laboratories turned out good work.

Dr Ramanna who is also director of the Bhabha Atomic Research Centre was all praise for the defence research laboratories and said they had made useful contributions in vital areas.

Dr Ramanna said it was essential for the Defence Ministry to give full support to R and D

efforts. He congratulated the scientists for realising several of the R and D projects. The users should be made to feel the usefulness of the projects, he added.

Dr V S Arunachalam, scientific adviser to the Defence Ministry who presided, said the DRD complex would integrate the three major defence laboratories in the country. It would bring about a fusion of interests and commitments.

Brigadier G K Dogra chief engineer, project, R and D said the housing development wing of the complex would provide residential accommodation to the members of the defence R and D establishment. It was proposed to build 1,750 quarters for all categories of employees, a school, a community hall, a modern welfare centre and playfields and parks. The complex would be one of the high technology townships in the city.

CSO: 4220/7298

GANDHI WARNS AGAINST TROUBLEMAKERS IN PUNJAB

Bombay THE TIMES OF INDIA in English 11 May 82 p 1

[Text] Karnal, May 10 (PTI)--The Prime Minister, Mrs Indira Gandhi, today warned people to beware of "mischievous elements indulging in acts of sacrilege in some towns of Punjab.

"I do not know who they are but they want to weaken India," she said.

Addressing more than one dozen largely-attended election meetings in Haryana, Mrs Gandhi said Sikhs, who were known for their patriotism, did not want confrontation with Hindus. The two communities had lived in amity for centuries and she was sure that none wanted to disturb it, she added.

She said: "Neither Sikhs want to harm Hindus nor Hindus have anything against Sikhs. Only a handful of trouble-mongers want to drive a wedge between them, Mrs Gandhi said.

She also referred to the Ravi Beas accord in almost all her meetings and said the benefits of this project would go to the people of Punjab, Haryana and Rajasthan.

She regretted that some people in Punjab wanted to whip up an agitation on the agreement. That was not fair, she added.

Mrs Gandhi assured the people of Punjab that the state would not face any shortage of water. The interests of Punjab had been fully safeguarded. By opposing the accord, some people were only trying to find an excuse to create trouble, she added.

Mrs Gandhi said acquisition, of sophisticated arms by Pakistan had, no doubt, posed a threat to India. People must remember that it was India which was attacked in the past.

The clouds of war, she added, had been hovering over the world. There had been conflicts also in some areas too.

The Prime Minister said the world leaders were worried about the use of nuclear arms for in the event of a nuclear war, the entire humanity would be annihilated.

Mrs Gandhi called upon the people to raise their voice against nuclear arms. She stressed the need for a strong centre and said the states should cooperate with it in implementing the schemes for people's welfare.

Addressing another meeting at Fatehabad, she said India wanted peace with Pakistan and despised war. But it could not go to anybody seeking friendship on bended knees.

She said India's interest will not be sacrificed in befriending its neighbours.

CSO: 4220/7300

## PARLIAMENT DISCUSSION OF CORRUPTION REPORTED

Bombay THE TIMES OF INDIA in English 7 May 82 p 1

[Text] New Delhi, May 6 (UNI)--The home minister, Mr Zail Singh, today called for a code of conduct among political parties to eradicate the canker of corruption from public life.

Replying to a five-hour discussion on growing corruption in all walks of life, Mr Zail Singh appealed to the opposition not to exploit the issue for its own advantage but co-operate in a joint endeavour to root it out, or at least minimise it.

Both Mr Zail Singh and the finance minister, Mr Pranab Mukherjee, who interviewed earlier, took the opposition members to task for trying to draw a grim picture as if the whole country was reeking with corruption.

## Country's Record

The majority of the politicians, businessmen and industrialists and officials were honest and India could be proud of its record and was second to none in the world in this regard, they said.

The two senior ministers accused the opposition parties of having undermined the system of parliamentary democracy when they were in power by instituting a large number of cases against the Prime Minister, Mrs Indira Gandhi, to efface her from the political life of the country. But this tactic recoiled on them, with some of the Janata ministers publicly trading corruption charges against their own colleagues.

Mr Zail Singh recalled his encounter with Mr Morarji Desai. When the former protested against cases framed against him for corruption he told him that these allegations were totally false and if he was serious about eliminating this evil he should set up a commission of inquiry. His plea fell on deaf ears and ultimately, nothing could be established against him, Mr Zail Singh said.

The home minister rejected the suggestion for a permanent machinery to go into corruption in high places. "When we as a government and as members of Parliament elected by lakhs of people cannot put an end to this, how could this job be handled by a few persons whom we ourselves nominate?" he asked. The remedy



lay in the government itself being vigilant, with the opposition having the right to expose its misdeeds before the public.

An immediate panacea suggested by him to cleanse public life was a vow by all politicians not to collect money for themselves and route donations only through their respective political parties. In a democracy with a multi-party system of fund collection could not be wished away. No party could do without it. If the solution was to have a one-party state which some communist members wanted, he was totally opposed to it.

"Only in a democracy, the human personality can achieve its fullest growth and I will not part with it," he said.

Mr Pranab Mukherjee took strong exception to the tenor of the BJP member, Mr Bhai Mahavir, who had attacked the Bihar chief minister and described it as a "holier than thou" attitude as if similar charges could not be levelled against members of his party who had been in the government.

Citing his own case, Mr Mukherjee said that an opposition member had leveled a fantastic charge that as commerce minister he had arranged for a commission of \$400 per tonne of cement, while its actual imported was only \$70.

The finance minister disagreed with the Janata member, Mr Piloo Mody, that licences, controls and other regulations were solely responsible for corruption. Against this, there was a view that without such controls, one could not have a social order free of exploitation, he said.

#### Political Power

PTI adds:

Initiating the debate, Mr Piloo Mody said that he would be satisfied if it was accepted by everyone that corruption was growing and the malady had to be fought.

Dr Rafiq Zakaria (Congress-I) congratulated Mr Mody on his "balanced" speech and agreed that only concerted efforts could succeed.

But Mr A.G. Kulkarni (Congress-S), who described himself as a Congressman of the old generation, raised many an eyebrow when he said that while he realised that only Mrs Gandhi could eradicate corruption, he was equally sure that the "bonded party and her sycophants" would not allow her to do it.

Some members of the ruling party thumped their desks when Mr Kulkarni made his reference to Mrs Gandhi.

Several members held the very political system responsible for corruption and, as Mr Kulkarni put it, it now began from the very selection of candidates for elections to various bodies. "The new loyalty criteria, has done a lot of damage to the country and brought in a number of celluloid characters," he said amidst laughter.

Mr Mody said there was a "nexus" between political power and growing corruption. For this, he said, "all of us are to blame." Addressing the treasury benches, the Janata Party leader said because they had been in power for a longer period, therefore, they were to blame more.

CSO: 4220/7295

## SEPARATIST LEAFLETS REPORTED CIRCULATING IN GOA

Bombay THE TIMES OF INDIA in English 14 May 82 p 9

[Text]

PANAJI, May 13: The bogey of anti-national leaflets in Portuguese supposedly calling for a separate nationhood for Goa has been, it appears, created out of a pre-liberation document with the purpose of fomenting communal disharmony in the Union Territory.

In 1960, some Goans prepared a pamphlet demanding autonomy for Goa within the Portuguese Commonwealth. Very few people here remember anything about it but someone having a copy of it but someone started the whole affair.

The existence of such a pamphlet was first revealed at an official function held at Farmagudi on April 25 to celebrate Shiv Jayanti, by Mr. Janardhan Shinkre, a former Maharashtra Gomantak - supported member of parliament. He mentioned the existence of such pamphlets but so far has not handed over a copy of it to the police.

Mr. Govinda Panvelcar, joint secretary of the PCC(I), said the inference in Mr. Shinkre's allegation was that the members of the Catholic community had a hand in bringing out the pamphlet.

The chief minister, Mr. Pratap-

singh Rane and the inspector-general of police, Mr. Sharma, have both denied the existence of the pamphlet.

According to Mr. G. Y. Bhandare, general secretary of the Goa unit of the BJP, the leaflet bogey has been raised to substantiate the allegations against the Catholic Church and the community made in two articles in the December and January issues of "Rajdhani," a Marathi magazine published from Bombay.

Mr. Bhandare said he had written to the prime minister inviting her attention to these articles and claimed the query had now been referred by the Centre to the Goa government for comments.

Linking the articles to the alleged appearance of leaflets, Mr. Bhandare said the entire exercise was to whip up anti-Catholic sentiment through a definite conspiracy against the minority community. He demanded that the Press Council should probe the conduct of the writers of these articles. He hinted he might take the issue to court.

Meanwhile, the Goa legislative assembly has appointed a house committee to inquire into the articles in "Rajdhani."

CSO: 4220/7289

## ANALYST DISCUSSES PROBLEMS OF NATIONAL SUGAR POLICY

Bombay THE TIMES OF INDIA in English 6, 7 May 82

[Commentary by S.M. Gothoskar: "National Policy on Sugar"]

[6 May 82 p 8]

[Text] I. Stable Cane Price Is the Key

**I**NDIA is poised to become the world's largest single producer of sugar. Following the all-time record sugarcane crop, the production of sugar touched 60 lakh tonnes by the end of March, substantially surpassing the previous peak output of 45.85 lakh tonnes in the corresponding period in 1977-78. In that year the post-March output was 20 lakh tonnes. Assuming that in the remaining part of the current sugar year the output will be the same as in 1977-78, the total for the year will push India above last year's highest producer, Brazil, which this year is expected to maintain last year's output.

This means that the Sixth Five Year Plan (1980-85) target will have been exceeded by three lakh tonnes in the second plan year itself. Reports from various cane-producing areas suggest that lakhs of hectares are still burdened with the standing crop. The demand from the gur sector is tapering off both because the gur processing season has almost come to an end and gur prices have slumped. The cane growers have no alternative but to knock at the doors of the sugar mills which may have to absorb as much cane as they can manage by prolonging the crushing season. This may take the post-March sugar production to well above 26 lakh tonnes, raising the year's total to 87 lakh tonnes. Incidentally, this would be equal to the highest ever world record registered by the USSR in 1978.

## No Assurance

Paradoxically, however, this is not a prospect about which we can afford to be sanguine. For this year's achievement is true to the cyclical pattern in sugar production which has been responsible for the instability in the sugar economy over the years. The main feature of this pattern has been abundance for two years followed by two years of extreme paucity and skyrocketing prices. This cycle has been perpetuated by the official policies on sugar over the years.

The 1977-78 peak production of sugar — which, incidentally, had surpassed the Draft Sixth Plan (1978-83) target of 62 lakh tonnes by three lakh tonnes even before the start of the Plan — was seen by the Janata government as a populist opportunity. It not only resorted to sudden decontrol, but for the first time, did away with the system of monthly release. As a result, prices tumbled to woefully uneconomic levels, to 30 per cent below the officially computed cost of production. But consumer euphoria over low sugar prices was shortlived. Cane prices plummeted and farmers drastically cut the area under sugarcane.

Strange as it may seem, the then prime minister, Mr. Morarji Desai, went on record to say that the "crisis of sugar plenty" could be tackled only by reducing the land under sugarcane. He scarcely realised the gravity of such an approach, but then he did not have

to face any embarrassment when the shrinkage in cane production to the extent of 30 per cent pushed down sugar production to barely 39 lakh tonnes in 1979-80, the lowest in seven years. The caretaker government of Mr. Charan Singh made a feeble attempt to tackle the situation by first fixing the open market prices of sugar well above the rock-bottom levels they had reached and then reintroducing dual pricing.

Partly because of this but largely because of an anticipation of higher prices in a situation of extreme scarcity, there was again some increase in the area under sugarcane and the next year, 1980-81, witnessed the sugar production increase to 52 lakh tonnes. Yet, in both these years exports of sugar had to be suspended for the first time in 23 years and domestic availability augmented by imports. Even this, however, did not prevent prices from recording a new high. The relative decline in sugar prices in 1981-82 and the present abundance has completed the cycle.

## The Implications

There is no reason to believe that the Centre is wise to the implications of this abundance. It may not resort to decontrol, though decontrol in the face of plenty has often been experimented with ever since controls were first introduced during the second world war. But official pronouncements so far have reflected a faith in dual pricing as the key to the solution

of the sugar problem. It is claimed that dual pricing, which has been continuously in operation since 1967, barring a shortlived spell of decontrol, has "stood the test of time." It is not explained why in that case 14 long years of dual pricing could not break the highly unsettling sugar cycle.

While in no other major sugar producing country the range of biennial fluctuations in production exceeds 20 per cent, India has often witnessed a drop as high as 40 per cent from the previous peak, followed by a doubling of output from the previous low. After the 40 per cent slump from the 1977-78 record (65 lakhs tonnes) to 39 lakh tonnes in 1979-80, we are now on the threshold of a doubling of output.

And now, in the face of an uncomfortable surplus, the government is talking about a buffer stock — exactly as it did in the past. Its calculations run thus: the estimated production is 70 lakh tonnes. The carryover stock of nine lakh tonnes from the previous season adds up to 79 lakh tonnes. Domestic consumption is estimated at 57 lakh tonnes. Out of the remaining 22 lakh tonnes, exports — which are limited by the quota system under the international sugar agreement — would absorb seven lakh tonnes. Allowing for a "comfortable" carry-over stock of 10 lakh tonnes to meet the requirements of the first two months of the next sugar year, there will still be a balance of five lakh tonnes which could con-

stitute the buffer stock.

Granting, for argument's sake, that the government's production estimate is correct, there is every reason to doubt its seriousness about creating the buffer stock. There is a familiar ring in the official statement that "the quantum of the buffer stock and the modalities of its operation are being worked out." This has been the stock statement in the past too. It is presumed perhaps that the mere talk of buffer stocks will have an impact on prices. However, nothing of the sort has ever happened. Besides, official estimates in years of abundance have invariably fallen far short of actual output and in the years of shortage they have, proved to be grossly exaggerated.

If production this year turns out to be, not 70 lakh tonnes, but over 85 lakh tonnes as unofficially estimated, the government's calculations will be wide of the mark, leaving an uncovered burden of 10 lakh tonnes, even if a buffer stock is built up. This will not merely upset the government's plan of action. The consequent depression of sugar prices will scare cane growers into pruning the acreage under cane. And inexorably, the sugar cycle will assert itself with a vengeance.

### Basic Flaw

The basic flaw in the dual pricing policy on sugar is that it is incapable of breaking the suga-

cycle. Another, equally basic, defect is that it only applies to 35 per cent of the total output of sucrose, the sweetening agent manufactured from cane, and has left untouched gur (55 per cent) and khandsari (10 per cent). Under this policy, 65 per cent of the refined white sugar output (which constitutes just about 23 per cent of the total supply of sweetening agents) is apportioned to the public distribution system by subjecting it to a levy price which, even according to official calculations, is below the cost of production. The assumption is that the losses incurred on this count can be made good by the open market prices realised on the remaining 35 per cent (12 per cent of the total sucrose supply).

The obvious purpose of this policy is to ensure supply of sugar to what are called vulnerable sections of the urban consumers at a low enough price. Industrial and commercial consumers who buy more than half of the open market sugar may not mind paying the cost. It is the rest of the open market sugar, no more than five per cent of the total supply of sweetening agents, that is treated as the villain of the piece. Articulate discontent over the "high" price of this sugar, which is specifically provided for by the dual pricing policy, has from time to time prompted the government to react with a sense of indignation and alter pricing and stocking restrictions.

[7 May 82 p 8]

[Text] II. Gur's Exclusion Is Sugar Policy's Bane

**T**HE government ought to feel more indignant, however, over the inexplicable phenomenon of the prices of gur, consumed by the vast rural population, finding their levels with the open market prices of sugar, irrespective of the demand and supply position.

This year, for example, gur production has fallen short of last year's output, but gur prices have plummeted by about 60 per cent in response to the decline in the open market sugar prices. Last year, on the other hand, though gur production was higher, gur prices stayed high in response to the upward movement of open market sugar prices in the face of extreme shortages. If only the government pondered over the correlation between gur and open market

sugar prices, it would have got a clue to the solution of a problem which has remained intractable over the years.

In the case of both their product and raw material the gur manufacturers are free agents. If there is no price control on gur, so is there no control over the price of the cane used to make it. Gur is not covered by the Essential Commodities Act but sugar is. The so-called statutory minimum cane price applies only to the sugar mills. In times of abundant production, the gur manufacturers beat down the cane price, and during shortages they pay very high prices, thus accentuating the cyclical fluctuations of price and output. In the two abundant years 1977 to 1979, for example, they bought cane at as low as Rs. 30 per tonne when the average statutory minimum price in northern India was

Rs. 90-110. In the next two years, when shortages developed, they paid as much as Rs. 360 against the statutory price of Rs. 135-155.

### Statutory Price

Price constraints on both cane and sugar prevent sugar mills from competing with the gur manufacturers in either case. In fact in the years of abundance there is greater pressure on them from the cane growers and they have to absorb more cane and prolong their crushing season, and during shortages they have to pay much more than the statutory minimum to keep their units going. It is irrelevant whether the sugar mills feel obliged to pay only the statutory minimum cane price or agree with the state governments, as urged by the

Centre, on a price over and above this floor level. The basic point is that, since their capacity to absorb cane at whatever price is limited, it is the demand from the gur sector that largely determines the ups and downs in cane acreage and prices.

What this problem calls for, therefore, is a mechanism to regulate cane production, which is not distorted, as it is today, by a statutory price for 35 per cent of the sucrose output and an open price for the remaining 65 per cent. Sugarcane is India's third largest crop in terms of value, next only to rice and wheat. There is pressing need to stabilise it with an overall support price system just as in the case of other essential crops.

There is however no point in fixing a minimum price which has no relation to the cost of production but is, rather, motivated by a desire to keep the sugar prices as low as possible.

This is what is happening now. A reference to the production costs of the public sector cane farms reveals that these are often 60 per cent higher than the minimum cane price fixed by the government. No doubt, sugar is among the most sensitive commodities, but trying to subdue its prices by pegging down cane prices is an unsound way of combating inflation. A rational cane price should be determined on the basis of keeping cane attractive for the farmer, in competition with other crops, so that the grower is in fact prompted to undertake expansion in keeping with the growing demand for cane and sugar.

Fixing a rational price for cane will not make sugar exorbitantly expensive. It is worth noting that India is among the countries with the lowest cost of sugar production, net of taxes on sugarcane and sugar. Despite the tax factor, however, our consumer price for sugar is the lowest among the top 10 most populous countries which account for 60 per cent of the world population. The Chinese consumer buys sugar at a uniform price of Rs. 11 per kg. In countries where the consumer price is lower than in India, both cane and sugar are free from

any taxes. In certain countries, indeed, both are favoured with subsidies.

## Largest Producer

Another misconception is that India has a poor per capita consumption of sugar. The trouble is that "sugar" here refers only to what is called white sugar. We leave out of account gur and khandsari, which too are forms of sucrose. In technical terms, they are called non-centrifugal sugar and open pan sugar respectively. Including these varieties of sugar, India is the largest producer and consumer of sugar in the world. And though India's GNP is one-thirteenth of the average for the rest of the world, its per capita consumption of sugar (all three kinds), at 23 kg., is a kg. more than the world average (in all other essential commodities we lag behind). Countrywise comparison places us with middle-income countries whose per capita sugar consumption is 20 to 25 kg. against 50 to 60 kg. in affluent countries and 5-7 kg. in poor countries.

It goes without saying that a sugar policy which does not take into account gur (khandsari is not significant) can never be effective. It is not enough that the government lays down a price and distribution policy for sugar. It must have a complementary policy for gur as well. In fact, without a clear-cut policy of making available gur at a common price, again determined on the basis of costs, no sugar policy, however foolproof on paper, can have a practical meaning.

This means that we must take the opportunity provided by the current abundance of sugar to make a bold departure towards an all-embracing national policy on all sweetening agents. The crux of this policy has perforce to be cane price stability. And the urgency of such a policy, derives from the fact that, otherwise, there is imminent danger of a severe reduction of the acreage under cane during the coming sowing season which begins from November.

NEW APPROACH TO ELECTRONICS INDUSTRY PLANNING URGED

Bombay THE TIMES OF INDIA in English 11 May 82 p 13

[Article by V. Sooriyanarayan: "Electronics Industry Needs a Boost"]

[Text] Bombay, May 10. The electronics industry has not progressed to the desired extent in the past few years, despite the recent technological advancement, availability of the requisite technical manpower and good potential for meeting the ever-increasing demand for its finished products, both in the domestic as well as overseas markets.

A new and dynamic approach on the part of the planning commission and the department of science and technology will go a long way in improving the prospects of this vital sector and enable the country to earn valuable foreign exchange it is felt.

India has a wide scope for exporting professional electronic equipment and the industry should be developed to meet this challenge and earn the much-needed foreign exchange for the nation. The country, at the same time, has the requisite know-how, expertise and skilled and technical manpower. What is lacking is only an appreciation of its role in the industrial map of the country, sizable allocation of funds for its faster rate of growth and development, and a coordinated approach for its implementation with a body to monitor its growth.

The level of production of electronics goods is proposed to be raised to Rs 1,867 crores by the end of the sixth five-year plan period, 1984-85. This would mean a compound growth rate of about 23 per cent during the entire plan period, as against only 15.5 per cent achieved during the last five years. During the same period, exports, it is planned, will go up to only Rs. 180 crores. India, thus, will continue to be as insignificant an exporter of electronics at the end of the sixth plan as it is at present.

Fast-growing

Why is it that the industry does not grow fast in terms of both production and its export? The allocation of just Rs 141 crores in the entire plan period for this sector--about 70 per cent of which will be spent on ongoing schemes and projects on hand--reflects the inadequate appreciation on the part of the planners of the role of this industry in the national economy.

Electronics has a vital role to play in the fields of atomic energy, defence, education, communication, entertainment and space application and the like. The systems are increasingly being used in industrial processes, hospitals, transport and communication, power generation and business establishments. Broadly, therefore, the industry can be classified to comprise entertainment electronics, electronics for mass communications, telecommunications, defence electronics, computers and control systems, instrumentation and components.

No other single industry in the world in the recent years, has displayed as much of dynamism and challenging opportunity as that of the electronics industry, Japan, South Korea, Taiwan and a few other Asian countries have forged ahead in the manufacture of electronics in varied fields during the last decade and have literally captured the world markets.

During the last decade, India, of course, has made a dent. In fact, at one time grand visions of India emerging as a big producer and exporter of labour-intensive electronic products were raised. The electronics commission and the department of science and technology were set up in 1971 to initiate a bold plan of action for the eighties. As a result of the concerted action, the industry has taken root in the country, but its growth has failed to meet the objective.

Although the rate of growth of industry has gone up from ten per cent in 1979 to 24.7 per cent in 1980, it was extremely poor in 1981 as compared to the performance made in 1980. While in terms of production, 1981 registered an output worth about Rs 856 crores against Rs 806 crores in 1980 and Rs 646 crores in 1979, the growth rate was lower and was only marginally higher at 6.2 per cent.

#### Labour Problems

The production of consumer electronics items during 1981 was about Rs 246 crores, against Rs 214 crores in 1980. The tape-recorder industry showed a 60 per cent rise in terms of numbers during 1981. The computer control and instrumentation sector achieved a production level of Rs 188.5 crores against Rs 160 crores in 1979, thus registering a growth rate of about 17.8 per cent during the year.

All other sectors like control instruments, test and measuring instruments, power electronics equipment and medical electronics equipment registered a fairly good growth rate during 1981. The production of all these items went up from Rs 130 crores in 1980 to Rs 158 crores in 1981, thereby showing a growth rate of about 19.5 per cent.

The decline in the growth rate of production during 1981, according to the annual report of the department of electronics for 1981-82, can be attributed to strikes and labour problems in many of the public and private sector concerns. This resulted in a substantial loss of production. Compared to 1980, the production of the major public sector units decreased by about Rs 50 crores in 1981. If production of these units was excluded from that of 1980, a net growth of 18 per cent in production could be seen in 1981, the report explains.



As for the exports of the industry, there has been a sharp fall in its exports. This is the most dismal feature of its performance. The annual report of the department shows that exports declined to Rs 42 crores in 1982 from Rs 47 crores in 1979 and marginally increased to only Rs 52 crores in 1981, as against even the tiny countries like Singapore and South Korea whose exports of electronics materials went up to \$300 billion and \$700 billion respectively. Since India is a marginal supplier in the world markets with its export touching hardly 50 crores a year, this setback cannot be attributed to recessionary conditions in the West. This means that either the marketing techniques adopted abroad are inadequate or Indian suppliers have not been able to compete with others in terms of prices, quality and servicing.

The none-too-encouraging trend in exports of electronics goods is a definite reflection to a large extent on the laddakadaisical way in which the electronics industry's growth has taken place in the country during the last few years. The young industry has an ideal climate for growth in India but the opportunity remains to be exploited.

CSO: 4220/7300

## INFORMATION MINISTER MEETS WITH PRC NEWS TEAM

New Delhi PATRIOT in English 12 May 82 p 8

[Text]

INFORMATION and Broadcasting Minister Vasant Sathe on Tuesday called for strengthening Sino-Indian cooperation for the sake of promoting peace not only in Asia but in the entire world, reports UNI.

Speaking to a six-member Chinese journalists delegation which called on him in Delhi Mr Sathe expressed confidence that cooperation between India and China in various fields would be beneficial to both the countries and other developing nations.

Mr Sathe pointed out that both India and China have learnt through history the effect of the divide and rule strategy. "We must see that nobody succeeds in this game", he said.

Mr Sathe told the delegation that both India and China had a long and glorious history and heritage. In every field, there was much commonality, besides, the ties between the two countries date back to thousands of years, the Minister added.

Mr Sathe exchanged views

with the Chinese delegation about the functioning of the press in the two countries.

Chinese delegation leader Jiang Yunhun, who is deputy director of the international department of the Chinese Peoples Daily "Renmin Ribao", noted that both the countries were engaged in national construction.

Mr Jiang said though the approaches of the two countries were different in this regard the aspirations of the two peoples were identical. Both countries were engaged in developing their industrial and economic base and in controlling the population explosion, he added.

Mr Sathe asked the delegation to convey the regards and affection of the Government and people of India to the Government and people of China.

CSO: 4220/7307

## ONGC PLANS TO PRODUCE MORE CRUDE IN 1982-83

New Delhi PATRIOT in English 12 May 82 p 8

[Text]

The Oil and Natural Gas Commission (ONGC) has planned to produce an addition 1.31 million tonnes of crude oil during 1982-83 by acquiring two more jack up rigs, reports UNI.

With this, the total production of oil in 1982-83 is expected to cross 19 million tonnes. The envisaged production programme of ONGC for the year was 17.91 million tonnes.

The programme of work for the year also envisages drilling of about 438,000 metres of both exploratory and development wells and off shore seismic surveys covering an area of 29,300 line km.

During the current year, the ONGC also drawn up plans to produce 1871 million cubic metres of natural gas and 141,000

tonnes of Liquefied Petroleum Gas (LPG).

The oil production target of the country during the current plan period is fixed at 93.65 million tonnes. This was to be achieved through 13.15 million tonnes in 1980-81, 16.95 million tonnes in 1981-82, 20.55 million tonnes in 1982-83, 21.35 million tonnes in 1983-84 and 21.65 million tonnes in 1984-85.

As against the target, actual production in 1980-81 was only 10.51 million tonnes and 16.26 million tonnes in 1981-82.

By the end of the Plan period, ONGC alone proposes to produce 24.92 million tonnes of crude oil per annum. Similarly, the despatch or supply of natural gas by ONGC will be increased to 3914 million cubic metres in 1984-85.

CSO: 4220/7307

## PLANS TO BUY SHIPS FROM YUGOSLAVIA REPORTED

New Delhi PATRIOT in English 12 May 82 p 8

[Text] India has told Yugoslavia that it is prepared to consider taking her ships if they are competitive in prices and other offers, reports PTI.

Indicating this in New Delhi on Tuesday, Minister of Transport and Shipping Veerendra Patil told newsmen that the Yugoslavian side had agreed to consider this suggestion.

Mr Patil who accompanied President, N. Sanjiva Reddy, on his state visits to Ireland and Yugoslavia, held wide ranging discussions with his Yugoslav counterpart, Ante Zelic and visited the shipyard at Split during the week-end.

In the past, Yugoslavia had supplied 39 ships to India, mostly to the Shipping Corporation of India. It is anxious to resume supply of ships to public sector undertakings.

During his discussions, Mr Patil was told that they were prepared to give 80 per cent yard credit on 8.5 per cent interest to be repayable in eight instalments. They had made this offer to Moghul Lines and SCI.

Mr Patil, however, told the Yugoslavs that in the present changed situation there was recession in the shipping industry. This was because the freight market had gone down. Several shipyards were canvassing for their orders. In view of the price of ships also coming down, they must put forward fresh offers.

Mr Patil said there was also a proposal to have a "shipping agreement" between India and Yugoslavia to decide on sailings and the percentage of cargo carrying.

The Yugoslav side expressed its concern over the delay in signing of the agreement. Mr Patil said he would see that this matter was looked into and take steps for expediting the agreement.

He said transaction between India and Yugoslavia had been in dina currency before the Yugoslavs changed it into hard currency. The Yugoslav Minister had indicated that he was prepared to go back to the old system.

CSO: 4220/7307

## FIRST PHASE OF VIZAG STEEL READY IN 1986

New Delhi PATRIOT in English 12 May 82 p 7

[Text]

VISAKHAPATNAM, May 11 (UNI)—The first phase of the 3.4 million tonnes integrated Visakhapatnam Steel Project (VSP) would be commissioned by February 1986 to produce 1.2 million tonnes of liquid steel, according to VSP managing director K V Bhaskara Pantulu.

Speaking to newsmen after a conducted tour of the steel plant site, he said the VSP was a time-bound programme to be completed in six years and work on the Soviet-aided project was progressing as per schedule.

He said Rs 141 crores had been spent during 1981-82, as against

the allocation of Rs 120 crores.

The expenditure incurred since the commencement of work on the plant totalled Rs 212 crores at the end of March 1982. A provision of Rs 250 crores had been made for the current financial year, he added.

Mr Pantulu said that as part of its efforts to encourage participation of local industries, the VSP had placed structural fabrication orders worth Rs 8 crores with local parties. Besides, the VSP had been in touch with the State Government for encouraging ancillary industries to serve the needs of the project at the construction and operation stages.

Referring to the recruitment of

personnel, the managing director said that recruitment was in conformity with man-power requirement as per the detailed project report. He said over 1100 personnel of various categories were working in the project and 600 more persons would be recruited in the coming year. The VSP had provided employment to nearly 400 displaced persons.

Reviewing the general progress of the VSP, Mr Pantulu said most of the essential infrastructural and pre-construction facilities had been made ready. Buffer stocks of critical raw materials like cement and steel had been

built up.

CSO: 4220/7304

## BRIEFS

INDUSTRIES IN DISTRICTS--New Delhi, May 5 (PTI)--The Union finance minister, Mr Pranab Mukherjee, said in the Rajya Sabha today that the Centre was taking steps to set up industries in 83 districts in the country where no industry existed at present to remove regional imbalances in the states. He appealed to the states to raise additional resources to meet their part of the required finances so that these districts were brought on a par with other districts. The minister was winding up a discussion in the house on the finance bill, 1982, which gives effect to the financial proposals of the Centre for 1982-83 as passed by the Lok Sabha. After rejecting over 90 opposition amendments, the house returned the bill as passed by the Lok Sabha. In a 30-minute spirited reply, Mr Mukherjee referred to the criticism of the opposition that the budget was oriented towards meeting the conditionality of the massive IMF loan and said the criticism was not justified. Mr Mukherjee claimed that an ailing economy taken over by his government had been put on the rails, and was now under control owing to a number of steps it took to rejuvenate it. He said industrial production had gone up and inflation had been brought down from 23 percent, when his government took over on January 14, 1980, to minus 0.8 percent in the third week of April. It was not the government's claim that the prices had been brought down. [Text] [Bombay THE TIMES OF INDIA in English 6 May 82 p 1]

FOREIGN CURRENCY LOANS--Bombay, May 5--With the raising of its first foreign currency borrowing of \$25 millions (Rs 22.5 crores) as syndicated Euro-currency loan in January last and completion of formalities for its utilisation, the Industrial Development Bank of India has commenced granting foreign currency loans for import of capital equipment. This will be part of IDBI's normal project financing operations. It has made arrangements with the import licensing authorities for issue of import licences for this purpose. According to a press release, IDBI is equipped for opening letters of credit for import of capital equipment, acquisition of technical knowhow and other services.--PTI [Text] [Madras THE HINDU in English 6 May 82 p 1]

TRADE WITH EGYPT--New Delhi, May 6 (PTI)--An FICCI delegation, led by Dr Charat Ram, former president, which visited Cairo recently, has identified several areas for expansion of Indo-Egyptian trade. In a report on the visit, FICCI suggested the setting up of a "cooperative arrangement" on the pattern of the joint business council to further strengthen the existing trade and investment opportunities between India and Egypt. Among the other measures suggested by the report are the establishment of a nodal agency in Egypt to identify business possibilities and locate the right local partners; improvement of shipping

services to facilitate cargo movement, establishment of air links with Cairo by Air-India, facilities for appointing agents to explore prospects and marketing of Indian goods and services, liberal commercial credits or deferred payment terms to Egypt, financial support particularly in the case of joint projects, project proposals with a built-in provision for in-plant training facilities in Indian factories. [Text] [Bombay THE TIMES OF INDIA in English 7 May 82 p 9]

ADMISSION TO AFRICAN BANK--New Delhi, May 11--India has been formally admitted to the membership of the African Development Bank group of institutions at a plenary session of the annual meeting of the board of Governors of the bank at Lusaka on May 6, reports PTI. The instrument of ratification was handed to the secretariat on behalf of the Government of India by the leader of the Indian delegation, Mr Yogesh Chandra, who was named temporary Governor. As a full-fledged member, India will contribute to the African Development Fund, the soft loan window of the bank, and quality for participating in projects directly funded by the bank and fund. In terms of a law enacted by Parliament, India's contribution to the ADF will be 8 million units of account (about \$8 million) as part of the third replenishment which would total \$1 billion. The bank itself lends at the rate of \$500-600 million per annum, the cumulative loans totalling \$13 billion. The African Development Bank had initially kept the membership closed to non-regional countries. A move to open up the capital to non-regional members was thwarted last year by opposition from Nigeria, Algeria and Libya which control 26% of the bank's capital. However, Nigeria withdrew its objection this year paving the way for India's admission. India's application for capital is pending before the bank. India is the second country after Japan to be admitted to the bank. [Text] [Calcutta THE STATESMAN in English 12 May 82 p 16]

PAKISTANI SPY ARRESTED--Rajkot, May 11 (PTI)--A Pakistani national, posing as an Air Force officer was arrested at Gandhidham last Sunday, accord- today. [as published] In a bid to get classified information the Pakistani met various individuals and a few officers at the Bhuj air force station, the report said. An IAF officer's uniform and an identity card were recovered from him. He was produced before a magistrate at Gandhidham who remanded him to police custody for 14 days. [Text] [New Delhi PATRIOT in English 12 May 82 p 7]

BUSINESSMEN TO PRC--A four-member delegation of the India-China Chamber of Commerce and Industry will pay a 10-day visit to China from 24 May to discuss possibilities of further promoting trade between the two countries, reports UNI. A spokesman for the chamber said the delegation would discuss matters relating to agro-machinery, auto cycles, hand tools, machine tools and other engineering products. "Also on the cards is examination of China's needs in the field of industry and agriculture and whether India is in a position to meet them," he said. "Besides, we feel there is a possibility of developing exchange of handicrafts between India and China on barter basis," the spokesman added. The delegation includes ICCCI president B.D. Agarwal, its secretary Santosh Chatterjee and Mr R.D. Rathi, a businessman. The visit is coming at the invitation of the China Council for Promotion of International Trade (CCPIT). The delegation will acquire first-hand knowledge about the recent changes in Chinese laws relating to foreign collaboration, investments and import-export trade practices and procedures. This is the second visit to China by an ICCI delegation, the first having taken place in June 1980 when, among other things, prospects for setting up a rayon manufacturing unit in China were discussed. [Text] [New Delhi PATRIOT in English 12 May 82 p 7]

## NATION'S ARMED FORCES EXAMINED

Kuala Lumpur ASIAN DEFENSE JOURNAL in English May 82 pp 36-44

[Article by Khalid Abdullah]

[Text]

**A** geographical giant in the family of nations known as ASEAN, sharing the same principles of ZOPFAN (Zone of Peace, Friendship and Neutrality) with her neighbours, Indonesia is one of the two partners in ASEAN to have fought for and won independence from the ruling colonial power.

With a population of 154,360,000 people of different races and cultural backgrounds, Indonesia is uncompromisingly non-aligned at the moment although it leans politically and economically towards the West. It is the only member of ASEAN which does not have unilateral defence or mutual-aid agreements with its neighbours or other foreign powers. Thailand, the Philippines and the United States are signatories to the Manila Pact, while Malaysia, Singapore, Britain, Australia and New Zealand are components of the Five-Power Defence Arrangement. (FPDA).

#### POTENTIAL DANGERS AND EXTERNAL THREATS

Unlike its neighbours, Malaysia and Thailand who regard the Soviet-Vietnamese alliance as the immediate threat to their security, Indonesia regards China as the greater danger. With more than one thousand nautical miles between the two countries, China does not appear to be militarily threatening. Indonesia's profound distrust of the Chinese stems from the evident Chinese involvement in the GESTAPU or the September 30 movement which was engineered by the Indonesian Communist Party in an attempt to take over the country. The resulting fall of Sukarno heralded the establishment of a new era in which the Armed Forces (Angkatan Bersenjata Republik Indonesia - ABRI) promised to play an ever increasing role.

Moreover, the Indonesians were less than satisfied with the vague attitudes and policies of mainland China to the question of the Overseas Chinese domiciled in Indonesia and the overt as well as covert support given to the Communists in the region. However, Indonesia must be feeling some uneasiness with the escalation of the Soviet presence in the Indian Ocean and the use of the Malacca Straits by Soviet submarines especially now that KOPKAMTIP, the powerful Indonesian security apparatus, has caught the KGB with the goods. A high-ranking naval officer has been arrested for selling naval secrets (reported to have been detailed charts of the Sunda Straits) to the Jakarta-based KGB hood. In a conflict between



major powers, which could easily embroil the ASEAN region, Soviet ability to navigate the treacherous waters of the Sunda Straits would be a decided advantage.

Before the unfortunate confrontation with Malaysia reached its final stages, and ended in 1966, the charismatic Sukarno had the reins of Government taken from him and power passed to General Suharto, who later became President. It was during Sukarno's rule that the Soviet Union poured arms and aid into Indonesia. The armed forces found themselves equipped with the latest in Soviet weaponry. Sukarno had the distinction of being the leader of a nation that possessed a modern

armed forces equipped with highly sophisticated hardware and systems. This wide range of modern Soviet equipment was beyond the then level of Indonesian technical know-how and infrastructure support and great dependence was placed upon Russian spares supply and maintenance advisors.

After the debacle of the September 30 movement, the Communists in Indonesia were in bad odour and by then the Russians had already withdrawn all support; mainly because, through the promptings of the Indonesian Communist Party, Sukarno began leaning towards the Peoples' Republic of China in 1964. Requests by the new government for Soviet stores and aid went unheeded and the Russian stores and equipment quickly degraded. It might be worth mentioning here that the wily Sukarno managed to finagle the Americans into providing aid to Indonesia while dancing with the Russian Bear at the same time. All this meant that the Indonesians were lumbered with a great deal of stores and weapon systems which could not be used once the Jakarta Moscow pipeline was cut. Today ABRI is faced with the task of rebuilding anew and of trying to make some sense out of the welter of American and Soviet as well as other equipment bought from other countries.

During the early years of the Suharto regime the military budget lost its priority in favour of sorely needed economical and social reforms. In his passion to create a 'Greater Indonesian Republic' which would eventually be the dominant power in South East Asia, Sukarno almost bankrupted a nation which was, and still is, one of the top oil-producing countries in the world. It is only since recently that

the armed forces are being rejuvenated and the organisation, personnel and armoury are being overhauled to meet the needs of this decade.

## FORCES BEING UPGRADED

Organisation, personnel, equipment, and morale are in the process of being upgraded in carefully planned moves in order to improve the Armed Forces effectiveness and capability to defend the nation. In the words of Defence Minister General Mohamed Yusuf: "We have to tidy up the Armed Forces so that they will become perfect and ready to deal with any threat that may endanger the state". These words were uttered at a fly-past of new helicopters at a parade which marked the close of a Commanders' Call meeting held in Bandung. That was the reason, he said, for the complete restructuring of the armed forces organisation, personnel, armament and equipment. And he went about his task with a will! It is only recently that the services have received shipments of badly needed equipment and military hardware. Indonesian officials have admitted openly that it would be some years to come before the country saw a fully modernised army. The Army has been more fortunate than the others and has been the first of the three services to be re-equipped.

In spite of all these set-backs, troop morale is high and one military observer has admitted that the troops were very good. The armed forces have always had a strong sense of national consciousness and those who took part in the fight for freedom made many collective as well as

personal sacrifices to achieve independence for the nation. In response to the demand for national unity, the armed forces re-asserted the common values identified in the Indonesian National charter, the PANCASILA. In 1966, they re-affirmed their full commitment to the PANCASILA by incorporating it in its *ARMY DOCTRINE OF STRUGGLE* - the *TRI UBAYA KAKTI* - and in 1974, the main ideas incorporated in the *TRI UBAYA KAKTI* became the *DOCTRINE OF NATIONAL DEFENCE AND DOCTRINE OF STRUGGLE* of the armed forces of the Republic of Indonesia as a whole. It was called the *CATUR DARMA EKA KARMA*.

It was General Mohamed Yusuf's untiring efforts and determination that infused new life into the somewhat disgruntled armed forces. He cut back the 1976 appropriation for equipment so that the lot of the common soldier could be improved. He gave priority to improving their living conditions; increased their food rations, issued more and better uniforms, provided new living quarters and upgraded training facilities. Most of all he instituted a compulsory retirement programme and put old and worn out soldiers to pasture, thus opening the way for younger and more vigorous men. This no doubt weeded out the unfit and the politically doubtful (such as the uncompromising Sukarnoists); but it must have left a legacy of discomfited senior men and officers who must have felt that they were shouldered aside in spite of the services and sacrifices they had rendered to the state.

To quote Dr. Bachtiar of the University of Indonesia: "The armed forces reassumed responsibility to take active part not only in the traditional task of defending the Indonesian nation and state against foreign threats but also to participate in the maintenance of national stability to facilitate development efforts in all recognised sections of the social life of the Indonesian population". Amongst other things the Armed Forces refuse to be drawn into ideological differences such as Islamic, socialistic and nationalistic ideologies, although these are allowed to continue to exist so long as they do not violate the concepts of the *PANCASILA*.

This is not to suggest that ABRI is in any way anti-cleric or reactionary. On the contrary, the greater majority of officers and men belong to the Islamic faith and are devout Muslims. Rather, it is the disruptive activities of certain fanatical and aberrant groups, both Muslim and non-Muslim, that attract their concern and attention. This watchfulness is extended to all groups be they religious, social or ideological.

### "ABRI MASUK DESA"

The armed forces are also well represented in Parliament and in the Peoples' Consultative Assembly (which determines the principal developmental guidelines), whose decisions are totally binding on the state and the people.

In line with the philosophy of restoring morale and efficiency there was also a need for restoring public confidence in ABRI and for forging a new image in the public eye. To achieve this, ABRI has launched a programme of social service aimed at winning the hearts and minds of the people and to integrate more fully

with the Indonesian social system. This impressive and ambitious programme called "ABRI MASUK DESA" or in English - ABRI GOES TO THE PEOPLE - is a whole-hearted attempt to provide badly needed social services to the underprivileged areas in the countryside. It strives to project a new image of the soldier to the people, to bring Soldier and Civilian together through co-operative social work. Units of a newly formed militia are being sent into the rural areas armed with shovel and trowel as well as their mechanised equivalents, to bring a better quality of life to the villagers.

Side by side they build or repair schools, mosques, churches and community halls, or they lay roads and sewers and sometimes they throw bridges across streams and rivers. They live as the villagers do and they fraternise with the people. All things considered, the programme has had its ups and downs. One reliable Indonesian source admitted that the success of the programme depended largely on the existence of skills and facilities to enable the villagers to maintain continuity. In extremely backward areas where no such facilities or infrastructure existed, the programme could back-slide into its original condition and be neglected once the soldiers left.

Defence Minister General Mohammed Yusuf has placed great emphasis on tri-service co-operation in his efforts to revitalize the present day armed forces. The tactical goal is to perfect inter-service co-operation in order to realize maximum efficiency and rapid reaction to a violation of territorial integrity. The armed forces are probably still smarting over the lessons learnt from the take-over of Portuguese East Timor. This campaign exposed weakness in staff co-ordination, low troop morale and fundamental errors in troop emplacement. In the end, 30,000 troops were required to 'pacify' the island partly because an elite paratroop unit was dropped on rather than behind the Fretilin Forces in East Timor. In all fairness, it must be recorded that a military observer

commented that the Indonesians did not commit regular troops to the East Timor campaign, but instead, they put in mostly militia without armoured support. This would have been a contributive factor to the apparent difficulties that arose.

Like her neighbours, Indonesia is preparing her troops for a 'conventional type' battle scenario which again calls for a restructuring of equipment, tactics, training and logistics. The lessons of the Vietnam War are not lost to the Indonesians.

Equipment and weaponry has so far been the weakest areas in the armed forces up till now. The nightmarish mix of U.S. and Soviet equipment as well as equipment from other countries defies the imagination. The situation begs for rationalisation and can be resolved only with patience and careful planning.

The first right moves towards a commonality of equipment were made when the French AMX-13 light tanks were chosen to be the battle armour for the Army and it is a safe bet that an efficient, mobile armoured force can be built around this series as old and obsolete vehicles are rapidly phased out. There is strong promise that in the future a well-trained, efficient and integrated modern armed service, will emerge.

The armed forces strength declined from 650,000 men in 1966 to around 415,000 men in 1976. The plan is to stabilize the figure at around 300,000 men.

In 1981, the International Institute of Strategic Studies quoted an armed forces strength of 239,000 and as usual did not include the 118,000 men in the Police Force. An autonomous body before 1964, the Police Force was included as an integral component of ABRI.

The Indonesian Armed Forces (ABRI) consists of four service arms: the Army, the Navy, the Air Force and the Police Force. The Army is the senior service by virtue of its prominent role in winning freedom from the colonial power and it plays an important part in the military, civil, social and political affairs of the nation. It still remains to be seen if the military leaders will be able to steer ABRI along the course they have planned and if their achievements coincide closely with their objectives.

## THE ARMY

From humble beginnings, the Army was officially founded on October 5, 1945 from bands of ill-equipped guerillas whose ranks were swelled by 20,000 men and their weapons from the HEIHO. The HEIHO was an Indonesian militia recruited by the Japanese to assist them in the war-effort. Tentara Nasional Indonesia (TNI) has come of age today and has the potential to develop in size and capability not easily equalled by the other countries in the ASEAN region. It only requires the will to do so.

The TNI (ANGKATAN DARAT) is the senior member of Angkatan Bersenjata Republik Indonesia (ABRI). During the Japanese Occupation of the Dutch East Indies, the National Army, under the guidance of Sukarno and Dr. Hatta, adopted a more or less non-committal stance towards the Japanese presence and did not actually form part of the Resistance Groups organised by the Allies. They regarded the ousting of their former colonial masters as an opportunity to gain the freedom denied to them by the Dutch.

The Dutch had always been luke-warm towards the question of Indonesian Self-Determination and eventual independence. It was hoped that the Japanese would prove to be the liberators but this was not to be so until the Japanese realised that they were losing the war. In order to co-opt the Indonesians into helping them stem the tide of Allied victories, they promised independence to the Indonesians but this move was frustrated by the dropping of the Atom Bomb which ended hostilities.

The absorption of the HEIHOs and their weapons further strengthened the Nationalists in their fight for Merdeka (Freedom) and when the United States stepped into the picture and helped the Indonesians gain a seat on the United Nations Assembly, the final battle was won.

This rag-tag army grew into its present strength of 195,000 men over the years. The army is almost fully-equipped and its modernization is almost complete. Observations in Jakarta only a month ago revealed that the army is now proceeding with the job of upgrading its organization,

personnel and tactics. The personnel upgrading exercise was launched after 1965 and all redundant or averaged officers and men have been pensioned off.

By virtue of its single-handed struggle for national freedom, the Army is the strongest and loudest voice in military, civil and political matters in the country. The army's swift action in crushing the abortive Communist coup (the September 30 Movement, to take over control of the government) demonstrated the army's powerful position in the country. From then on, the army has consolidated its vital role in national affairs in Indonesia.

Presently, the morale of the common soldier has been boosted through the programme of reforms under the Defence Minister, General Mohammed Yusuf, to better the lot of the soldiers.

Besides these reforms, the 'ABRI MASUK DESA' project is also intended to raise the image of the soldiers in the eyes of the public, through its efforts to win the hearts and minds of the people. A new concept, the project is an integral part of the military to serve the people, and it has been organised to give the army a civic as well as a military character.

Reliable sources have remarked that the new National Army is well-trained, disciplined and professional. Training is rigorous and there is a firm commitment to achieve tri-service coordination for greater effectiveness in battle.

The 'heart' of the armour is the proven AMX-13 light tank. It was reported that the Indonesians have also acquired some German Leopard tanks. The AMX series are probably some of the most successful armoured vehicles to be produced in the post-war period and the acquisition of this tank reflects the Indonesian realisation of the need for a fast, manoeuvrable and easily transportable armoured vehicle with good cross-country characteristics. Moreover, there is the decided advantage of using a type with a multi-mission capability derived from the utilisation of 'family' variants. Not only are family series weapon systems mission-flexible but they are cost-effective.

At present the Army has around 1000 AMX-VCI APCs. Although without good water-crossing capabilities this vehicle possesses role-flexibility and can be fitted

with an anti-tank warfare system. The Army does not appear to possess a mobile anti-tank system at the moment in order to provide on the spot ATW capability to the troops. The introduction of the AMX-10 PAC 90 is a step in the right direction although the best modern armour plate would require the use of a 120mm smooth bore gun firing APFSDS ammunition. The Dutch Army has equipped its AMX-VCI with TOW and the French Entac anti-tank missile. This move could be emulated by the Indonesians and the more the Army chiefs turn their thoughts to a conventional war/invasion type scenario, the more apparent becomes the need for a hard-hitting, mobile anti-tank system.

The mixed force of ex-Soviet PT-76 light tanks must now be in a sorry state due to a lack of spares and plain old age. And so are the Saladins and Ferret scout cars today. In the words of Yusuf Wanandi: "During the late Fifties and early Sixties, the Soviet Union assisted Indonesia by providing arms needed in Indonesia's campaign to regain Irian Jaya (West Irian) from the Dutch colonists. This aid was terminated in 1964 because Indonesia, under the influence of the Indonesian Communist Party, began to lean towards the PRC (People's Republic of China)". (*Politico-Security Dimensions of S.E. Asia - A S.E. Asian View: CSIS*)

The Saladins and the Ferrets are in a bad state of repair due to old age and poor maintenance and the slowness in obtaining spares. Britain has been trying to persuade the Indonesians to buy the new Panga instead of refurbishing the Saladins and the Ferrets but so far they have been unable to impress the Indonesians with the virtues of the Panga. However, if it is true that the Army has acquired German Leopard tanks then the combination of the Leopard with the AMXs will provide the army with a formidable armoured force.

The one hundred V-150 Commandos are in reasonably good shape and their mission-priority is for internal security in the Jakarta area. Judging from the recent pre-election riots, this has proved to be a sagacious move. As for the ex-Soviet BTR-50s, it is anybody's guess if they are still operational.

The Army does not appear to have upgraded its artillery and the current equipment is less than mobile. There is also a lack of information in respect of recent purchases of new weapons. Current weaponry available is the 50 ex-Yugoslavian 76mm M-48 and about 40 150mm howitzers. The ex-Soviet SPGs and rocket launchers are not likely to be serviceable while about 200 ex-Yugoslavian 120mm mortars are still in use, supplemented by ex-South Korean 60mm and 81mm mortar.

Basic infantry weapons are the AK-47 (although it must seem that this assault rifle should be reaching the end of its useful life by now) and the American M-16. Anti-tank capability is provided by the Carl Gustav. The Indonesians are reported to be producing small arms, ammunition and assembling their M-16s. The Turen factory in East Java is producing some small arms.

Army aviation too has not been neglected and the joint agreement between the Indonesians and the manufacturers of the CASA Aviocar, the MBB - 105 and the Aerospatiale Puma should be profitable for the Army as well as the Air Force. One source has claimed that the Indonesians are converting the Puma into a gun-ship armed with GPMGs.

As noted earlier, ABRI plays a dominant role in all aspects of Indonesian national life. This was made very clear by President Suharto last year when he announced that ABRI would remain a key factor in shaping the future of Indonesia's 150 million people. (ADJ Nov. '81). President Suharto declared: "The Indonesian Armed Forces are not regular soldiers like in any other country. We should not measure and evaluate their socio-political roles according to yardsticks and democratic norms of other countries". (For Armed Forces read Army.)

## "TENTERA NASIONAL INDONESIA"

### The Army

#### CURRENT EQUIPMENT

##### STRENGTH

195,000 including administrative elements and men involved in rural aid programmes.

##### DEPLOYMENT:

In KOSTRAD (Strategic Reserve Command)  
1 Armoured Brigade (1 Tank Bn; Support units)  
2 Airborne Inf Brigades (6 battalions)

##### INFANTRY UNITS

13 Infantry Brigades (76 Inf Bn; 14 Arty Bn; 13 AA Bn; 10 Engr Bn)

##### ARTILLERY UNITS

4 Field Artillery Regiments; 4 AA Artillery Regiments

##### ENGINEER UNITS

1 Engineer Regiment

##### ARMOUR

25 M-3A3, 200 AMX-13, 75 PT-76 Light tanks; 1000 AMX-VC1 MICV; 75 Saladin and 55 Ferret scout cars; 60 V-150 Commando; 130 BTR-40-152 APCs. On Order: 40 AMX-10 PAC 90 and AMX-10P APC. Leopard MBTs reported.

##### ARTILLERY

50 76 mm M-48, 40 150 mm M-56 Howitzers; 200 20mm, 40mm and 57mm AA guns; 200 120mm ex-Yugoslav mortars.

##### ARMY AVIATION

Helicopter Squadron: 16 Bell-205; 5 Alouette II/III; 16 Bo-105  
Composite Squadron: 2 C-47; 2 Aero Commander; 1 DHC-2; 1 Beech; 18 Cessna 185;  
18 Gelatik ac.

##### MISCELLANEOUS

20 small landing craft.



## THE NAVY

It was a highly sophisticated and modern navy more appropriate to a nation with "blue water" pretensions. Largely Soviet inspired, it pandered to the lofty ambitions harboured by the regime in power at that time. Almost twenty-five years later, it has today diminished to a shadow of its former self, largely due to bad 'book-keeping' and the lack of sustenance. It has today reached the final stage in its transition. The new and hard-headed thinking that influences current military policy in Indonesia today has decreed that the new Navy shall be modest and will concern itself with realistic targets and roles. The present trend is for a Navy which can and has the will to create EEZ security and be effective in the defence of the state.

A glance at the map of the Indonesian Republic will reveal the vast network of islands that need to be secured and patrolled. The task facing the Navy is truly monumental and vital to the well-being

of the nation. With the probable exception of the Philippines, Indonesia is confronted with the need to guard too many coast-lines from intruders and infiltrators. She will need to protect her fishing grounds from poachers and her shipping lanes from pirates who, to this day, prey on fishing boats and small coastal vessels.

More than anything else, it would be safe to say, the security of the 200-mile EEZ (Exclusive Economic Zone) and especially the Natuna Islands is foremost in Indonesian minds. The Natuna Islands face the Vietnamese coast and is a bone of contention between Vietnam and Indonesia. To support her determination to maintain sovereignty of these islands a ten-day naval exercise was held in these waters early in 1981. The area has been prospected for off-shore petroleum deposits and the American-Indonesian consortium have made a strike recently. There still remains the problem of isolating noxious gases found with the deposit. The Vietnamese have retained the Russians to prospect for oil in these waters also. So far, Vietnam and Indonesia have yet to find a compromise on where to draw the ocean boundaries.

New naval facilities have been planned for the Natuna Islands and these facilities will be supplemented by the extension of the existing airfield. This extension will beef-up Air Force capabilities and will

provide further air cover for naval units at sea. It is a fact that the Natuna Islands form a vital link in the defence chain which stretches from Sabang in the north-western tip of Sumatra to Djayapura in the far south-east of Irian Jaya. The Indonesians are determined to uphold their claims to the EEZ and, if absolutely necessary, will do so by force.

Indonesian thinking on the nature of the quality required of personnel and the role to be played by naval combat units has taken on a different dimension. Where, in the past, there was a compulsion to build an impressive fleet, the keynote today is to build modestly with stress on cost effectiveness so that the Navy will best serve its purpose of defence and deterrence in the context of national security.

This programme of reconstruction began with US Military Assistance Programme transfers of surface craft. Three PGM-39 large patrol craft were handed over to the Indonesian Navy in 1972. Four USS Jones class frigates were transferred in 1973/74. Operating alongside these transferred vessels is one *Pattimura* class frigate built by ANSALDO in Livorno and commissioned in 1958. Three more *Pattimura* class frigates are believed to be held in reserve.

Three corvettes complement the frigates. These are the *Fatahilla* class corvettes displacing 1,000 tonnes and were built in Holland in 1977. Two more are on order and possibly may be commissioned in 1985. The *Fatahilla* class corvette is armed with one 76/62 mm OTO Melara COMPATTO, two 40 mm BOFORS cannon and one twin-barrelled BOFORS

SR., an anti-submarine rocket launcher. There are plans to fit the corvettes with SSMs. Four refurbished Westland Wasp ASW helicopters were acquired last year. Based on the corvettes, the Wasps will operate primarily in the ASW role. They will also carry out air-sea search and rescue missions.

Taking into consideration the great number of islands and coastlines to be guarded, the Navy has realised that there is a requirement for a large number of small and large patrol craft, as a supplement to the Fast Attack Craft, in order to carry out a wide range of military and civilian tasks. Indonesian patrol craft are a mixed 'bag' of 'local' and foreign products. Apart from the lightly armed

PGM-39s, the Navy has been operating four heavily armed TNC-45s which are fitted with two 40 mm Bofors and four 21-inch torpedo tubes. These Lurssen-designed craft were constructed in Singapore. A US\$20 million order for Mk46 Mod 5 torpedo improvement kits has been placed with *Honeywell* for an unspecified delivery date.

Patrol craft in service is varied and it is believed that six ex-Soviet *Kronshtadt*

FPCs, three ex-US PC-461s, and five ex-Yugoslav *Kraljevica* FPCs are still operational. Six *Carpentaria* class light coastal PCs have been acquired from Hawker De Havilland, Australia and local shipyards are building *Mawar* class ASW patrol craft. It is reported that 19 patrol boats are on order with a French shipyard.

Supporting these smaller boats are four South-Korean PSSM Mk5 class FAC (M). These 254-tonne FACs are formi-

## The Navy

### CURRENT EQUIPMENT

DESCRIPTION	CLASS/TYPE	QTY	DETAILS
Frigates	Pattimura	1	3 in reserve
	Claude Jones	4	Ex-USN
	Riga	3	Ex-Sov; op status N/k
	Fatahilla	3	2 on order
Corvettes			1 Trg frigate on order from Yugos-
			slavia
Mine-sweepers	Ex-Sov T-43	4	Op status N/k
	R-Class	1	Coastal type; in reserve
Submarines	Ex-Sov Whiskey	2	1 used for trg
	IKL/HDW Type 209	2	2 more on order
Command/Sup-		1	1 in reserve
port			
Fast Attack	PGM-39	1	2 in reserve
Craft	TNC-45	4	Lurssen-designed
	PSSM MK 5	4	10 more reported on order
Fast Patrol	Kronstadt	5	1 in reserve; Ex-Sov
	Kraljevica	5	Ex-Yugoslav
	PC-461	1	2 in reserve; ex-USN
	Kelabang	5	1 in reserve
	"Attack"	2	
Coastal Patrol	Carpentaria	6	Hawker De Havilland Australia
	"Spear"	2	
Miscellaneous	LSTs	11	2 on order
	LCUs	5	
	LCMs	38	
NAVAL AVIATION			
Maritime Recce	Nomads	12	6 on order (in 2 squadrons)
	CASA C-212	6	in one squadron
	Grumman HU-16	5	
Other transport	C-47	6	
Ac + Helicopters	Aero Commander	3	
	Bell 47G	4	
	Alouette II/III	6	
	Bo-105	4	
	Westland Wasp	4	For ASW role ship-based
MARINES			
12,000 men	Infantry Regts	2	6 battalions
	Close support Regt	1	
	Amphibious Assault		Armaments:- Light tanks, APCs
	Battalions	3	40mm AA
	Artillery Bns	1	
	AA battalion	1	

dable floating weapon platforms and are armed with one 76 mm OTO Melara, two 40 mm Bofors and four *Harpoon* missile launchers. KMTI (South Korea) built these US Tacoma-designed FACs and it is reported that ten more are on order.

Recently, two West German IKL/HDW Type 209 submarines have been commissioned and two more are on order. In its early days, the Indonesian Navy had a fleet of 12 *Whiskey* class ex-Soviet submarines and only two are still operational. It can be validly argued that Indonesia does have a requirement for a submarine force in order to protect its vast territorial waters from intrusion as well as to augment the deterrent force of surface ships.

### THE AIR FORCE

In keeping with Defence Minister General Mohammed Yusuf's expressed desire to create a fully integrated armed service, the Air Force is receiving the attention that it was deprived of for some years. In carefully planned moves, rebuilding is in progress in order to create an effective fast-reacting force capable of providing ground and naval forces with air-support.

The combat aircraft which were originally supplied by the Soviets are now non-operational from a lack of spares and maintenance. Presently, the Air Force's first-line aircraft are the Northrop F-5E/F and the McDonnell Douglas A-4 Skyhawk. Counter-insurgency capability is provided by one squadron of Rockwell International OV-10F 'Broncos'. The Indonesian Air Force has 16 F-5E/Fs and 16 McDonnell Douglas Skyhawks; the latter having been acquired from the Israelis.

Prior to 1970, the Indonesian Air Force had some of the most modern aircraft in the region. The Soviets supplied them with 200 MIG-15s, MIG-17s, MIG-19s, Tupolev Tu-16s and Ilyushin Il-28s. All these had to be scrapped when the Russians withdrew their patronage after 1964. Moreover, when President Suharto took the reins of office, lack of funds and a directional change in national priorities also contributed to the cut-backs. By the beginning of the 1970s, Indonesia's air force was reduced to a token of its former self.

The Indonesians have since turned to the Americans and the Australians for equipment. The Australians first supplied Avon Sabres which are probably unserviceable by this time. The Australians

also supplied Nomads. A second batch of sixteen Skyhawks will be bought from ex-US Navy stocks.

Training is carried out in a mixed batch of aircraft including four venerable T-6G Texans. Other trainers include Beech Fuji 'Mentors', 12 Lockheed T-33 As and others. Six British Aerospace Hawks have been acquired and may also be used as a ground-attack fighter. Four more Hawks are on order. Twenty new FFA AS-202 'Bravos' have been ordered to supplement the training facilities.

Indonesia was the first ASEAN country to use the C-130 Hercules transport aircraft and ten C-130Bs are still flying operationally. The Air Force has recently acquired two C-130H-30 (the 'stretched' Hercules) and one more is on the way from Lockheed-Georgia. These air-transporters arrived in September last year and are actually first production models. In addition to the C-130H-30, the Air Force operates a special mission L-100-30 Super Hercules. All Antonov An-12 heavy transports have been superseded by the Hercules.

Other transport aircraft include three Super Constellations, 18 CASA C-212 Aviocars, Seven De Havilland Canada 'Otters', 20 Douglas C-47s, 12 Fokker VFW F-27s, one Lockheed Jet Star, and seven Cessna 401/402s. The Air Force is also acquiring three Boeing 737-200S, which will be used for maritime reconnaissance. Also on order are four Transall C-160 transports, the first of which was handed over in Paris this year.

The Air Force has also adopted the Aerospatiale Puma helicopter to beef-up her helicopter force. It is believed that the Puma is being converted into a gunship 'locally'. A few weeks ago the Indonesians tested their first 'home-made' parachute and the first trial drop involving a dummy was a success. When all tests have been completed satisfactorily, the parachute will be offered to ASEAN countries in the open market.

In keeping with ABRI's new look, the Air Force plans to build three major air-defence bases in North Sumatra, the

Celebes and West Irian. Other operational bases in outlying areas, such as the Natuna Islands, will be strengthened. An Early Warning System, radar, additional Puma helicopters, maritime patrol and transport aircraft will be acquired. Air Marshall Ashadi Tjahyadi said that the Air Force was presently training a special strike force. He told a Parliamentary inquiry commission late in November 1981:



"We are now capable of dropping one fully equipped battalion anywhere in the country, while our fighters are able to meet any security disturbances in three places at a time."

There is a small but effective force of 12,000 marines consisting of two infantry regiments, one close support regiment, three amphibious assault battalions, one artillery and one anti-aircraft battalion. Naval aviation is restricted mainly to maritime reconnaissance as air support is provided for by the air force. Naval helicopters perform in the ASW role, as well as carry out air-sea search and rescue missions. ASW helicopters operate from the corvettes and air cover for naval elements at sea will be upgraded when three major forward air-defence bases are completed. More A-4 Skyhawk FGAs have been ordered by the Indonesians and will greatly increase Air Force capabilities

to provide air cover to naval units at sea. EEZ surveillance is performed by five Grumman Albatros amphibians and twelve GAF Nomads. Six more Nomads have been ordered and three Boeing 737-200s are to be acquired by the Air Force for maritime reconnaissance.

During the years between the 1960s and the 1970s and before the new policy came into force, human skills and equipment deteriorated considerably. The new Navy must now get down to the job of creating and training a new generation of sailors. This should not be too difficult a task as the Indonesians are an island people, a breed of men who take to the sea readily. To realise this goal the Navy has ordered one heavy training ship of 1,820-tonne displacement from Yugoslavia. The vessel is powered by CODOQ engines.

## TENTERA NASIONAL INDONESIA ANGKATAN UDARA

### The Air Force

#### CURRENT EQUIPMENT

##### COMBAT:

CA-27 Avon Sabre Mk 32 (16)  
Rockwell-International OV-10F  
Bronco (16)  
Northrop F-5E/F (16)  
BAe Hawk T Mk 53 (6)  
McDonnell Douglas A-4E/TA-4H  
Skyhawk (16)

On Order: (4) BAe Hawks; (16)  
A-4E Skyhawks.

##### TRANSPORT:

Lockheed Super-Constellation (3)  
C-130B/H Hercules (12)  
L-100-30 Super Hercules (1)  
CASA C-212 (6)  
DHC-3 Otter (7)  
Douglas C-47 (20)  
Fokker-VFW F.27 (12)

On Order: (3) Boeing 737-200;  
(4) C-160 Transall  
(3) C-130H-30 (Stretched)

Lockheed Jet Star (1)  
Cessna 401/402 (7)

##### HELICOPTERS:

Sikorsky UH-34D (12)  
Agusta-Bell 204B/206N (4)  
Aerospatiale Alouette III (14)

Bell 47G (8)  
P.T. Nurtanio/MBB Bo 105 (10)  
Bell 205A-1 (16)  
On Order: (6) SA-330 Puma  
(12) MBB Bo-105  
SA-332 Super Puma

##### TRAINERS:

Beech Fuji T-34C Mentor (30)  
North American T-6G Texan (4)  
Lockheed T-33A (12)  
LET L-29 Delfin  
WSK TS-8 Bies  
BAe Hawk T-53 (8)  
AS-202 Bravo (4)

On Order: (4) Hawk T-53  
(20) AS-202

##### MISCELLANEOUS:

Dornier Do-28 (3)  
Cessna 310P (2)  
Rockwell 680F-1 Grand Commander (13)  
Cessna T-207 (5)  
Piper Cub L-4  
Lipnir PZL-104 Gelatik (32)  
NU-85 Belatang

##### MAIN BASES:

Jakarta (Halim Airport); Palembang;  
Balikpapan; Sabang; Morotai; Ambon;  
Lombok; Seurarang; Kupang;  
Makassar; Menado; Pedang; Djambi;  
Tarakan; Dili; Surabaya; Gorotalo;  
Kemajoran (Jakarta).

KPNLF ORGAN ASSESSES RELATIONS BETWEEN RESISTANCE GROUPS

'MOUL KHMER' Editorial

Paris MOUL KHMER in French Mar 82 pp 3-4

[Editorial: "Is It Truly a Disappointment?"]

[Text] According to the newsletter KAMPUCHEA, No 127 of 15-21 March 1982, the Khmer Patriots Committee (read: the Khmer Rouge Committee) is said to be very disappointed by the evasive response of the president of the FNLPK [National Liberation Front of the Khmer People] to the invitation extended to him by Khieu Samphan, leader of the Khmer Rouge, and Prince Norodom Sihanouk, supporter of the royalists--who are always ready to conspire to make others responsible for their own negligence--to join them in Peking to seek together a solution to the problem of national unity, which constitutes "the deepest aspiration of all Khmers both inside and outside the country who want to rapidly liberate Cambodia from the yoke of the Vietnamese expansionists." Commenting on this reply, these ardent patriots did not fail to write that the FNLPK president did not see the point of agreeing to the three-party meeting which the former had planned to hold in the capital of the People's Republic of China--which amounted to saying that Mr Son Sann is not so anxious to drive the Vietnamese expansionists out of Cambodia.

However, the truth is completely different. Indeed, it was in order to combat these invaders that Son Sann decided to create the FNLPK with his friends, and despite the systematic opposition of Prince Sihanouk, backer of the Khmer Rouge, he has nevertheless succeeded in establishing this resistance movement.

But it is these foreign patriots and their backers who have made him lose an infinite amount of time, to the advantage of the aforesaid invaders, by suggesting meetings all over the world that, in short, were only traps. Quite convinced that they were knowingly playing the enemy's game, the president of the FNLPK owed it to himself to bide his time, which was his inalienable right; all the more so since he had absolutely nothing to do with the current catastrophic situation of Cambodia, which--is it necessary to repeat--is entirely due to the insane policy of the Khmer Rouge and their backer, whose crimes have cost the lives of more than 3 million

of their compatriots out of a population of 7 million which Cambodia had before the war.

Therefore, listening only to his heart, Son Sann only tried in his own way to free his country from the foreign stranglehold. Why must those who are truly responsible for this situation now reproach him for his indifference, if indeed it was indifference at all? But the task of ensuring the national defense is primarily their responsibility. And if they have failed in this task, they who wanted to seize power so badly, even with the collaboration of today's invaders, why, after so many offerings and missions, must they conspire to make the president of the FNLPK responsible for their own setback? He had absolutely nothing for which to account to them, because he had nothing to reproach himself for. Isn't it themselves whom they should blame?

But no, Son Sann must at all cost assume all the responsibility for their failures! Perhaps, reversing roles, he should ask them to do him the favor of fighting the enemy! Well, that's the limit!

As we see it, their disappointment is nothing of the kind. It is no doubt a pretense on their part, because, knowing well that the Vietnamese have always had designs on annexing Cambodia, they nevertheless allowed themselves to be aided by these foreigners in order to seize power. Instead of showing their disappointment, they should be rejoicing over the brilliant result--they who established as their objective the weakening of all the Khmer nation's energies, saving only 1 million inhabitants from among the purest of the pure out of a population of 7 million, imperiously declaring that all the rest were instilled with the dangerous influences of Western civilization!

So let them jump for joy now instead of pretending to be disappointed--they who, acting so sure of themselves and so domineering, wish to impose their insane conditions on the pure nationalists who truly want to fight to free their country! At least that is what all honest people think of it, the innocent victims of these foreign patriots who we know have covered Cambodia with numerous camps during the space of only 4 years in power. To these honest people, the word "patriots" already means: assassins of the people.

In conclusion, if these ardent patriots truly want to liberate Cambodia, then let their backer ask his great friend Pham Van Dong, on his knees this time, to order his troops to evacuate our country, instead of spending his time sending him sentimental but perfectly useless messages to this effect. That is the least we can advise them to do to resolve the Khmer problem. In that case, there would certainly be a chance that their prayers would be better heard and maybe even granted, without their being obliged to crow about their victory every day from the depths of their jungle.

## Lack of Unity Noted

Paris MOUL KHMER in French Mar 82 pp 6-8

[Article by Sam Sok: "Anti-Vietnamese Coalition: Dream or Reality?"]

[Text] While the Afghan resistance manages to form a united front to combat Soviet occupation, the Cambodian resistance still remains divided. What happened in Peking in February provides a striking example.

Different approaches separate the various groups. According to the Khmer Rouge, supported by China, an anti-Vietnamese coalition should be formed within the institutional framework of Democratic Kampuchea; it could not have an independent existence separate from the standing legal structures established by the Khmer Rouge. Prince Sihanouk, who has long been hesitant, finally subscribed to this approach through the terms of the agreement which he concluded on 21 February 1982 with Khieu Samphan, leader of the Khmer Rouge. Moreover, he invited Son Sann, president of the FNLPK, to come to Peking for talks. Son Sann, while accepting the principle of a three-party coalition, still remains hostile to this approach. In a statement to the press on 1 March, he clarified his position in these terms: "It was to demonstrate our good will and our strong desire to free our fatherland that the FNLPK authorized me to go to Peking as soon as possible. On that occasion I would be able to meet personally and individually with Prince Sihanouk and Mr Khieu Samphan, to explore the possibilities for forming a flexible coalition among the three parties, respecting the principles which pertained to the formation of the flexible coalition as a government solution."

### In the Lap of the Khmer Rouge

The three-party meeting in Peking did not take place as planned. Khmer Rouge leader Khieu Samphan and Prince Sihanouk began preliminary talks without Son Sann--talks which resulted in the 21 February agreement.\* They both had already left the Chinese capital.

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\*The three points of the 21 February 1982 agreement between Prince Sihanouk and Mr Khieu Samphan are as follows:

- 1) Once the three parties have formed a coalition, they will have to have a joint political program.
- 2) Any three-party coalition government--once established--will have to be within the legal context of Democratic Kampuchea, which is a full-fledged member state of the United Nations.
- 3) The three parties represented by Khieu Samphan, Sihanouk and Son Sann will have their respective autonomy and freedom with regard to ideology and philosophy.

Some official circles in ASEAN countries do not hide a certain satisfaction with this "mini-failure." Not that they don't want the anti-Vietnamese coalition to see the light of day. But the goal of the ASEAN countries is to avoid to the greatest extent possible this coalition being formed according to methods that suit Khmer Rouge plans. In other words, it is a matter of preventing such a formation from sliding into the lap of the Khmer Rouge--and therefore of the Chinese. That would be a development which, according to some, could further complicate the search for a political solution to the Cambodian problem.

With the Peking round having failed, most observers expect ASEAN to react with new efforts aimed at leading the Khmer Rouge to ease its stand. The trip that Mr Suppiah Dhanabalan, Singapore's minister of foreign affairs, is making through ASEAN countries is obviously part of the efforts aimed at restoring the "flexible coalition" formula, which has momentarily been muted following the refusal of the "Khmer Rouge" last January.

#### Signs of Change

It is curious to note that these renewed efforts have appeared at a time when signs of change are appearing in international relations--between Hanoi and Washington, primarily. It is clear that nothing significant has yet been established. Nevertheless, the fact of the Hanoi regime's agreeing to cooperate in the search for the remains of American GI's killed in Vietnam merits consideration. It would be premature to comment in this regard, but such an attempt--even if still hesitant--if followed by others could contribute to a gradual easing of relations between the two enemies of yesteryear. Besides, Peking, whose relations with Washington have greatly deteriorated because of the Reagan administration's stand on Taiwan, is looking unfavorably at this. Another no less important sign of change: relations between Hanoi and Moscow are no longer so fine. Recently, elements of dissent have clouded the atmosphere between these two "brothers in arms": struggle for control of the Phnom Penh regime; Vietnam's desire for independence in the face of attempts to make it a vassal. These are the primary sources of disagreement. The dismissal of Penn Sovann, the Phnom Penh regime's leading man, is one of the episodes in all this.

It is clear that, for the moment, nothing serious or irreparable seems to have happened. However, if the situation continues to worsen, it is to be expected that the breaking point will be reached sooner than expected. In any case, it is quite obvious that Hanoi doesn't want to reach this point of no return before having clearly defined its position with regard to the West--the United States in particular--and especially its big Chinese neighbor. There will be an opportunity for discussion of this at the Fifth Congress of the Vietnamese Communist Party, which is to take place shortly.

9693

CSO: 4200/38

## BRIEFS

AID APPEALS FOR PRK, KPNLF--Phnom Penh's electric service, drinking water supply and sewage disposal may be interrupted due to the lack of fuel, spare parts and urgently needed repairs. This is what emerges from the investigation recently conducted in Cambodia to two French electrical engineers sent over by OHFOM (4 avenue Marceau, 75381 Paris Cedex 08, C.C.P. 35-14-54 W Paris). Repairs to the electrical distribution network would cost Fr 125 million, but for the moment special lubricating oil is urgently needed for the motors to supply current. Elsewhere, Monaco's humanitarian association, Aide et Presence, (11 rue Princesse-Marie-de-Lorraine, Monaco; checks to be sent to Credit Foncier of Monaco), which has sent many medical teams, teachers and technicians to the Sokh-Sann zone on the Khmer-Thai border, is making an appeal on behalf of the civilian population of this region, who had to flee before the advance of Vietnamese troops in mid-March. The Finistere Solidarity Association, which is participating in the activities of the Monacan association, is also making an appeal on behalf of its Cambodian operations (Community Cultural Center, rue des Deportes, 29260 Lesneven, telephone 83-04-91). [Text] [Paris LE MONDE in French 3 Apr 82 p 4] 9693

CSO: 4200/38

ARMY BUILDUP TO CONTINUE

Kuala Lumpur ASIAN DEFENSE JOURNAL in English May 82 p 13

[Text] The Malaysian Army had expanded by 70 percent over the last five years which was proof that it was a growing force and not facing a shortage of men.

The Army would continue to expand at the rate of 20 percent annually until the targeted number of men was achieved, the Chief of Army, General Tan Sri Zain Hashim said recently.

Presently the total strength of the service is about 90,000.

Expansion would include adding more "teeth" to the services arm of the Army, especially to the cavalry, artillery, engineers and signal corps, and this was in line with the planned modernization which includes new and better tanks and weapons.

The General said that the Malaysian Army's three recruit training centres turned out a total of 7,800 men in the rank and file and the officer cadet school had an output of 1,000 annually. The recruit training centres are at Port Dickson, Pulada in Johore and Lok Kawi in Kota Kinabalu, Sabah. The officer cadet schools are the Royal Military College in Kuala Lumpur and another one at Port Dickson.

The four-star General added that the training institutions are being expanded and the technical training is being updated to familiarise the men with the new equipment.

Touching on Army personnel leaving the service, he said this had not affected the effectiveness or combat performance. About 3,000 officers and men had left the Army during the last four years. But the vacuum left by these personnel has been filled by trained men.

CSO: 4220/16

NATIONAL INSTITUTE OF DEFENSE STUDIES ESTABLISHED

Kuala Lumpur ASIAN DEFENSE JOURNAL in English May 82 pp 13, 14

[Text] Malaysia's National Institute of Defence Studies is to be set up for training the armed forces' top brass in strategic warfare, according to Ministry of Defence sources.

The new institute will be on a site about 15 miles from the national capital, Kuala Lumpur.

Preliminary work has begun on the huge complex which would also house the Armed Forces Staff College and the Armed Forces Defence College which are now located at the Ministry of Defence headquarters.

The complex on a 300 acre site is being developed at a cost of about M\$330 million (US\$145 million), and completion of the project is scheduled for 1985.

The administration of the three colleges at the complex will be coordinated, the source said.

There will be training capacity for more than 490 military officers per year; the Armed Forces Staff College will have about 60 officers, the National Institute of Defence Studies will take 30 generals above the rank of brigadier-general and the Armed Forces Defence College, 400 officers.

Facilities at the colleges will include living quarters for instructor and trainees, and administrative blocks.

Instructors are to be trained in several countries including India and Britain (for defence study courses) Australia for advanced courses, the United States, Thailand, the Philippines and others for defence staff training.

CSO: 4220/16



'LEARNING FROM THE JAPANESE'

BK251145 Kuala Lumpur NEW SUNDAY TIMES in English 23 May 82 p 14

[Editorial: "Learning From the Japanese"]

[Text] Formed 20 years ago, the National Productivity Centre has emerged as a recognised institution for management training in this country. NPC has trained thousands of Malaysians in both private and public sectors. It also has the mission of propagating productivity consciousness. Here, however, it has not succeeded so well.

At the recent seminar held to launch the most ambitious productivity campaign planned by the NPC, the local head of a multi-national company was honest enough to express his view on productivity. He said Malaysian managers had no personal commitment to increased productivity.

This should not at all be surprising. According to another speaker at the same seminar, there had been little universal concern about productivity until the recent oil crisis and the global economic recession.

"The drive to boost productivity now has all the air of an economic world olympics," said Mr Kohei Goshi, chairman of the Japan Productivity Centre.

According to him, his country has worked continuously since the end of World War II to raise its productivity. Not known to many people outside Japan, the JPC was founded in 1955 at a time when the country was still troubled by violent labour disputes. Now labour-management cooperation is one of the golden keys to Japanese success.

To modernise management and to learn the latest scientific technology, JPC sent study teams to Europe and the United States. So far more than 20,000 have gone abroad to acquire such knowledge.

Nowadays Japan is acknowledged as the grandmaster in the field and is revered even by its gurus of old. This is because it has succeeded not only in adapting the best techniques available, but also in innovating its own.

The Japanese management philosophy known as theory Z is world-famous. While American QC did not take root in the U.S. where it had been developed as a statistical quality control technique, Japanese QC circles have mushroomed as working examples of team spirit on the factory floor.

Prime Minister Datuk Sri Dr Mahathir is right in exhorting Malaysians to learn from the Japanese experience. The Japanese work ethic and commitment to productivity are definitely worthy of emulation.

The PM has worked out the dollars and sense of the productivity line. With a national income of \$26 billion (1980) a mere 5 percent increase in productivity will bring an additional \$1.3 billion into the economy at no extra cost. A sense of achievement will surely come with such success.

In learning from the Japanese, however, it is very important to find out exactly /how/ [slantlines denote boldface as published] they have succeeded in what they have been doing to create economic "miracles" with scarce natural resources.

CSO: 4220/24

## JOINT PAKISTAN-IRAQ COMMISSION MEETING REPORTED

Karachi BUSINESS RECORDER in English 20 May 82 pp 1, 8

[Text]

**ISLAMABAD, May 19:** The second session of Pak-Iraq Joint Ministerial Commission opened here this afternoon to consider measures for promoting bilateral economic and technical cooperation.

The Federal Finance Minister, Ghulam Ishaq Khan led the Pakistan side at the talks which included Secretary Economic Affairs Division, Chairman Overseas Construction Pakistan Cell and senior officials of the ministries of Water and Power, Commerce, Economic

Affairs, Foreign Affairs, Food and Agriculture, Railways, Labour and Manpower and NESPAK.

The visiting Iraqi Irrigation Minister, Abdul Wahab Mahmood headed his side which, besides members of his delegation, included the ambassador of Iraq to Pakistan.

In his opening statement, the Finance Minister, referring to fraternal and cordial ties between Pakistan and Iraq at all levels, stated that the people of Pakistan desired not only to maintain but to further strengthen the existing close and friendly relations and to intensify economic, commercial and cultural exchanges between two countries on the basis of mutual advantage.

He said that there were limitless possibilities for stepping up bilateral cooperation to the mutual benefit of the two peoples. He said both Pakistan and Iraq were committed to collective action under the organisation of the Islamic conference to promote collective self-reliance.

Ghulam Ishaq Khan stressed that the current world economic situation characterised by slow growth rate, high level of unemployment and recession in the de-

veloped economies had adversely effected the economic progress of the Muslim world. He said that an accelerated cooperation among Muslim countries could play an important role in meeting this situation.

He said during the last few years exchanges between Pakistan and Iraq had taken place in many fields and a number of Pakistani construction companies had undertaken works in Iraq, especially in the irrigation sector. He said a substantial number of Pakistani workers had been involved in the execution of many construction and educational projects in Iraq.

He emphasised that there was still a vast scope for further cooperation between the two countries particularly in the sectors of irrigation, control of salinity and water-logging, power, agriculture, manpower training and railways operation and construction. Pakistan, he pointed out, could assist Iraq in these fields.

**BILATERAL TRADE**

Touching upon level of bilateral trade, the Finance Minister said that it had increased from dollar 65 million in 1976-77 to dollar 127 million in 1980-81. He said there existed considerable scope for pushing it up further. In this connection, he referred to Pakistan's production and export capability. He said the country was not only producing all sorts of consumer goods but had now started production of a host of capital goods like machinery, equipment, road building materials and complete sugar and cement manufacturing plants.

The Minister said that Pakistan and Iraq could also cooperate gainfully in various technical spheres. He expressed the hope that the commission would explore possibilities for the promotion of collaboration in all these areas and suggest measures to achieve it, besides, evaluating progress of im-

plementation of the decisions of the first session of the Joint Ministerial Commission.

**VAST SCOPE**

The leader of the Iraqi delegation said that they had brought to Pakistan greetings of the government and people of Iraq who loved and respected Pakistan and its people immensely. He said Pakistan and Iraq were bound together by centuries old religious, historical and cultural ties.

Abdul Wahab Mahmood said that his country was keen on furthering the existing economic and technical cooperation between the two countries.

He said there was wide room for improving the present level of bilateral cooperation. He said his delegation would discuss all proposals designed to achieve this objective to the mutual benefit of the people of both the countries.

**WORKING GROUPS**

The Commission decided to constitute two working groups one on trade and commerce and the other on economic and technical cooperation. The groups will meet tomorrow morning to take up specific items of the agenda.

Prior to the opening of the session, the leaders of the two sides met and exchanged views on the broad parameters for enlarging scope of cooperation between the two countries in different sectors.

The secretary, Economic Affairs Division and the Iraqi ambassador also attended the meeting.

Earlier on its arrival here this morning, the 9-member Iraqi economic mission was received at the airport, among others, by the Federal Finance Minister, Economic Affairs Secretary, Chairman, Overseas Construction Pakistan Cell and the ambassador of Iraq. —APP.

FOOD MINISTER EXPRESSES HOPE ON WHEAT SELF-SUFFICIENCY

Karachi BUSINESS RECORDER in English 20 May 82 p 1

[Text]

**RAWALPINDI, May 19:** The Federal Food and Agriculture Minister, Vice-Admiral Mohammad Fazil Janjua, has said the country is expected to maintain its self-sufficiency position in wheat despite small setback in production in the Punjab due to untimely rains.

He told Radio Pakistan's representative in Islamabad this afternoon that the recent rains in the country had been untimely for harvesting of the crop, particularly in central and northern Punjab.

In three or four districts of the province the damage was estimated to be of the order of 10—15 per cent, but in other districts, it had been very small and was estimated to be about one or two per cent. The total loss due to rain in the Punjab is estimated to be about 4—5 per cent. The farmers, who have suffered this loss are being suitably compensated by the provincial government.

Janjua said the overall adverse effect of the rains in the Punjab

will not be more than 2-2.5 per cent on the national production and by the grace of Almighty Allah there would be plenty of wheat to meet the country's requirements.

He said the shortfall in production would be very easily managed through the reserve stocks. He appealed to the people to pray to Almighty Allah that there should be no rains in the next three to four weeks in areas where wheat was being harvested to save the crop from any adverse effects.

Explaining the wheat position in other provinces, the minister said, the crop in Sind and NWFP was much better than last year. He said in Sind, the production was estimated at 20.6 lakh tons as against the last year's production of 19.46 lakh tons. Similarly in NWFP, the estimated production was 9.8 lakh tons as against 9.4 lakh tons produced last year. The production in Baluchistan was expected to be 2.4 lakh tons just about as last year.

Vice-Admiral Janjua said the wheat production supplemented by reserve stocks will be more than adequate for the national needs for the year 1982-83. In fact it is

estimated that out of the reserve stocks of 16 lakh tons, 10 to 12 lakh tons of wheat will still be available on the first of May next year.

The minister pointed out that agricultural production was always subject to the blessings of Almighty Allah and weather conditions. As such there would always be variations in production. However, the effort of the present government is that the management of agriculture should be so scientific that such effects are of minimum nature and that there should be enough reserve stocks to more than off set fluctuations in production.

This, he said, was the main philosophy of their national food security reserves. The reserve stocks of 16 lakh tons as on first of May this year is the highest stock ever held by the government.

Vice-admiral Janjua said the procurement drive was in full swing. So far they had procured four 4.5 lakh tons of wheat in the Punjab, Sind and NWFP. The national wheat procurement this year had been fixed at 35.25 lakh tons. The minister said the government would buy any quantity offered by the farmers.—APP.

# SIND GOVERNOR PLEADS FOR LIGHT AGRO-BASED PROJECTS

Karachi BUSINESS RECORDER in English 20 May 82 pp.1, 8

[Text]

The Sind Governor, Lt-Gen S. M. Abbasi yesterday said more efforts were needed to persuade well-to-do farmers to invest in light agro-based industrial projects in order to diversify their undertaking and use modern agricultural know-how.

Addressing members of the provincial Council of Sind during the second day of its current three-day session in Karachi, he said simultaneously industrialists should be urged to diversify their holdings by branching out into the agricultural sector.

He said large and medium-scale farmers could utilise their spare money by investing in various types of light agro-based industries which could turn out to be source of support in bad crop years. Another benefit of such projects would be the provision of employment opportunities for the local people, he added.

The Governor said the more affluent cultivators could take up various projects allied to agriculture such as ice factories, processing and chemical plants etc.

The government, he continued would provide assistance through loans as well as allotment of land in industrial estates. Agriculturists should also make more efforts to modernise their machinery and use advanced farming techniques to boost production, he added.

Lt-General S. M. Abbasi went on to say that simultaneously efforts should be made to persuade industrialists to invest in capital intensive agricultural projects

which required larger initial monetary outlays than could be made by cultivators. Such projects could include shrimp farms, dairy and cattle farms etc.

He said there had already been some encouraging responses from industrialists, and the Agriculture Department and Board of Revenue had received a few applications for the grant of land for dairy farming and establishing shrimp farms in the Thatta area.

Besides, emphasizing the need to modernise agriculture and boost the production of good crops, the Sind Governor referred to the launching of the 3-year small industrial development plan (1981-84) which is designed to give impetus to growth of industry in the under-developed areas of the province.

## ZAKAT FUND

He said during the past year a sum of Rs 15 crore had been received from the Islamabad-based Central Zakat Fund for disbursement among Mustahiqeen in Sind province.

A similar amount of money was expected to be transferred to the Sind Zakat Council from the Federal Zakat Fund during the 1982-83 financial year, he said, adding that this would be distributed among poor and deserving people as was customary.

Coming to the provincial Transport Department, Faizi remarked that it was split up into two sections, i.e. the Karachi Road Transport Corporation (KRTC)—for which responsibility had been assumed by the Federal Government—and the Sind Road Transport Corporation (SRTC), which served the interior of the province.

The provincial Minister for Industries and Mineral development, Ashraf W. Tabani, then

rose to inform the house about the working of these two Departments during the past year, and the projects to be undertaken within the 1982-83 ADP period.

## SMALL UNITS

He said the Sind Small Industries and Handicrafts Development Corporation had taken a number of steps to help artisans and craftsmen raise their output and market the finished products.

The Corporation planned to open an information-cum-advisory office in each district to provide expert help and advice and allocate space for new units in industrial estates he added.

He said a number of training centres in woodwork, embroidery, handicrafts etc. were being established throughout the province. He said a three-year programme to develop small scale industrial and handicraft units in Sind province had been launched in 1981-82, and the Rs 5 crore investment target figure for the first year of this scheme had been exceeded by Rs one crore.

A total of 92 new small-scale industries had been sanctioned during 1981-8, and these projects, (which represent an investment of Rs. six crore) included plants for manufacturing agricultural tools, hosiery, flour milling, carpets, poultry, ice plants etc.

New industrial estates were being established in Dadu and Shikarpur to help in the development of these areas and provide employment opportunities for local people, he added.

He also said that steps were being taken to help the silk handicraft industry in Khairpur and Karachi by providing them with pure silk and dyes.

# JOINT FINANCING OF NEW SUGAR MILLS PLANNED

Karachi BUSINESS RECORDER in English 20 May 82 p 1

[Article by Anwar Rajani]

[Text]

Pakistan Industrial Credit and Investment Corporation of Pakistan (PICIC) and Industrial Development Bank of Pakistan (IDBP) will now jointly finance the new sugar mills in the country.

It is for the first time, that the two leading financing agencies will share the financing arrangement in one and the same project.

Usually a consortium of bankers or financial institutions is formed and the funds for new projects are provided by that consortium. Now PICIC and IDBP will provide funds separately for the same project.

Informed sources told "Business Recorder" yesterday that a couple of new sugar projects are being processed by PICIC and IDBP and they will provide finance together to the entrepreneurs.

The joint financing for the

first time has become unavoidable in such projects as involve heavy capital structure.

The PICIC which usually finance bigger projects can provide funds not more than Rs. 7 crore to any single unit. The sugar plant now involves the investment not less than Rs. 26 crore including foreign exchange component.

The sources said that the two financing agencies which now plan to provide joint financing may also invite the International Finance Corporation (IFC) to participate in the financial arrangement.

If invited, the IFC will provide the foreign exchange component for the new sugar mills.

The two sugar plants which are expected to secure funds from IDBP and PICIC will be set up in Sind. Their annual capacity will be about 22,000 tons of refined sugar per annum.

The two parties have filed separate loan applications with IDBP and PICIC. After approval, the parties will, however, enter into separate agreements with the two financing agencies.

# GAS FOR BALUCHISTAN CITIES, TOWNS

Karachi BUSINESS RECORDER in English 20 May 82 p 6

[Text]

QUETTA, May 18: Eleven cities and towns of Baluchistan will be supplied with natural gas by the end of December this year. A 334 kilometre offshoot line of the main Sui-Karachi Line is being laid from Shikarpur to Quetta jointly by the Sui Northern Gas Pipelines Limited and Sui Gas Transmission, Karachi, for the supply of gas to Jacobabad, Jhatpat, Dera Murad, Jamali, Bailbathh, Nantaal Sibbi Dhaddar, Muchh, Kolpur, Darwaza and Quetta.

The project will cost Rs. 760 million of which Rs. 210 million will be used exclusively for construction works. The Kuwait development fund has provided Pakistan a grant to meet the entire cost of the project, according to official sources.

The completion of the project will also help in industrialization of Baluchistan.

The gas, to be supplied on special directions by President General Mohammad Zia-ul-Haq will be mainly used for domestic purposes but the supply quantum will be sufficient to run 50 fac-

tories in Quetta alone where liquid petroleum gas is the major heating material at present.

Starting from October last year the Sui Northern Gas Pipelines Limited has completed in all respects 132 km out of its total share of 160 km pipeline and work on remaining part is being carried out very briskly.

Of this 28 km pipeline (Muchh to Kolpur) has been laid under the bed Bolan River at a depth of 14 to 18 feet.

Kolpur Hillcrossing — 600 metre long and 300-feet high — is the highest point so far in the country carrying a pipeline. Blasts are being used to make the surface of this hill excavable. In all 47 km of the pipe used is locally manufactured while the remaining is imported.

Grid stations, equal to the number of cities and towns to get gas, will be established along the pipeline to regulate the gas supply. Preliminary work on these grids is already in hand.

The Sui Gas Transmission, Karachi, assigned to lay 175 km of pipeline has also laid over 100 km pipeline.—PPI.

## TWO MORE POLYTECHNIC INSTITUTES FOR SIND

Karachi BUSINESS RECORDER in English 20 May 82 p 6

[Text] .

The Sind Government plans to open two new polytechnic institutes at Mirpurkhas and Dadu during the next financial year.

This was stated by the Director Technical Education, Sind, Inamul Haq, at a radio press conference yesterday. He said that budgetary allocation for the scheme will be made in the next budget.

He said that at present 10 polytechnic institutes, including one for women, were functioning in the province and providing training in a total of 20 different trades.

He said that efforts were being made to introduce some more technologies in order to meet the needs of the present time. Haq disclosed that a second polytechnic institute for women of upper Sind will be established at Sukkur next year in collaboration with the women division of the federal government.

He said that polytechnic institute for women at Karachi had a "great success" and 600 girls applied for admission against 100 seats.

To a question, Inamul Haq said that at present 3,500 students were in the polytechnic institutes and another 900 in the bachelor of technology classes in Sind were studying he said that since the establishment of polytechnic institutes in Sind so far about 26,000 students had passed out.

He said that technical education was receiving more and more encouragement and this year alone for one seat in a polytechnic institute 32 applications were received.

To yet another question, Inamul Haq said that the government was spending Rs. 1.50 crore on technical education and on an average bearing an expenditure of Rs. 2,000 on each student every year.—APP.

CSO: 4220/1



## YUGOSLAVIA'S STAND ON AFGHANISTAN REAFFIRMED

Karachi BUSINESS RECORDER in English 20 May 82 p 6

[Text]

ISLAMABAD, May 19: The Minister for Information and Broadcasting Raja Muhammad Zafarul Haq told a Yugoslavian visiting delegation today that the invasion of Afghanistan, a non-aligned country, had injected a sense of insecurity in the region.

But, he added, Pakistan was lucky to have Yugoslavia as a friend because both countries had "common perception" of many international issues.

The minister was talking to Aleksandar Bakocevic, Director-General of Yugoslavia's national news agency Tanjug, Ambassador Slobodan Martinovic of Yugoslavia and Tanjug chief correspondent for South Asia, Predrag Stamenkovic, who called on him in his office this morning. Present during the meeting were the Information Secretary, the Director-General, External Publicity Wing and the Director-General APP.

The minister paid glowing tributes to the late Marshal Tito "the top most leader and father of the Non-Aligned Movement".

"He was as much respected in Pakistan as in Yugoslavia" he added. Raja Zafarul Haq hoped that the new leadership of Yugoslavia will continue to follow in the footsteps of Marshal Tito.

He expressed gratitude for the welcome given by Yugoslavia to President Zia-ul-Haq during his visit to the country last winter.

Raja Zafarul Haq said that although the idea of non-alignment is old, the NAM is still young and we have "a lot to do" to strengthen it. He said that "bloc politics" was like the two wheels

of a mill in which the small countries were being crushed. It was hoped that the non-aligned countries would remain safe from the pulls and pressures of big powers. But the invasion of a non-aligned country-Afghanistan had injected a sense of insecurity in the entire region.

Raja Zafarul Haq said that "the Afghan situation is telling upon our resources. Besides other things, we have to bear the burden of the largest concentration of refugees".

He stressed that Pakistan had taken a stand on this issue with the support of non-aligned and Islamic countries.

"We appreciate that most of the non-aligned countries-barring only a few-have understood the implications of this issue. Some countries had not come out openly on this moral issue.

The minister pointed out that "Pakistan regard Yugoslavia as a country which always takes stands on principles. "Yugoslavia may not be a very big country militarily but "the respect it enjoys as a moral force is immense".

He hoped that Yugoslavia will help in the projection and understanding of the Afghan issue".

Replying Aleksandar Bakocevic said that he fully subscribed to the view expressed by the minister on the relations between Pakistan and Yugoslavia. The non-aligned policy which Pakistan was following was highly respected in Yugoslavia.

He said that President Zia-ul-Haq's visit to Yugoslavia was "very significant, not only because

it gave impetus to the development of bilateral relations but also in the broader sense".

He said peace was greatly needed at this time because "we are faced with deep crisis in the international field".

Bakocevic declared "this crisis has been brought about by the politics of hegemony. The only way to face this bloc politics is to follow an independent line and build more cooperation among the non-aligned countries".

The Tanjug chief in this context underlined the urgency of developing cooperation of the mass media which could present a more realistic and clear picture of non-aligned countries. This, he said, would also overcome the "monopolistic position" of some news agencies. He emphasised that the APP-Tanjuz cooperation would be very helpful.

Referring to the points raised by the Information Minister Bakocevic said that Yugoslavia had always been against aggression. "We support the condemnation of the use of force in international relations".

He agreed that moral power was of immense importance. The value of non-alignment was its moral principles. It was necessary to follow the policy on non-alignment and he hoped that more and more countries will be able to adopt an independent line in their policies.

The minister presented a set of books on Pakistan to the Yugoslavian guests and ambassador Slobodan Martinovic.—APP.

## RESEARCH PROGRAMS IN KARAKORAM REGION REPORTED

Karachi BUSINESS RECORDER in English 20 May 82 p 6

[Text]

ISLAMABAD, May 19: The Karakoram research cell has decided to undertake 10 research projects in the Karakoram region, it was officially announced here yesterday.

The announcement was made after a meeting of the project identification and implementation committee of the Karakoram research cell held yesterday at the University Grant Commission under the chairmanship of Dr. M. Afzal, Chairman of the University Grant Commission, and advisor to the President on higher education. Two members of the commission, departmental heads, experts from universities and other national organisations participated in the meeting.

A press release of the UGC said:

The object of the committee was to identify and formulate geological, geophysical, geographical, anthropological, rural, wild life and plant sciences oriented projects in order to undertake integrated and concerted research and exploration of Northern Areas of Pakistan with particular emphasis on the Karakoram region. Nine detailed papers, identifying the scope and extent of research in these disciplines were presented and thoroughly examined and

discussed by the committee. It was finally decided that the following projects will be undertaken in Karakoram region:

1. Engineering geology and stress dynamics studies pertaining to mud flows, rock slides, slopes stabilization of other related hazards along the Karakoram Highway (geological survey of Pakistan, frontier works organization, Kohistan development authority).

2. Economic geology project  
2. Economic geology research project aimed at a systematic reconnaissance survey of Karakoram region to make a general assessment of its potential of industrial

minerals and rocks (Punjab University and Peshawar University).

3. Preparation of topographical and other maps of the area to cater for all the projects of the Karakoram research cell (S.O.P. and SUPARCO).

4. Gravity, magnetic and electrical survey at 250 interval to correlate the geological structures with geophysical data and to delineate the metallogenic characteristics, domains and their potential along the KKH (Quaid-i-Azam University).

5. Integrated studies of flora and fauna of the Karakoram areas in the context of the natu-

ral habitats of the Northern Area (Quaid-i-Azam University).

6. Social, anthropological/sociological research pertaining to the identification and classification of the people on the basis of significant shared cultural characteristics, survey of land use and land tenure system, systems of social control and local decision making, economic activities and economic interest groups, regional legal system, role of women in local economic and political process, changing health condition, and the study of local effects of mass media (Quaid-i-Azam University).

7. Glaciological studies: glaciers of Karakoram (Punjab University).

8. Studies related with the discipline of local government in Northern Areas (centre to be set up at Peshawar University).

9. Agriculture, forest and wild life studies of Karakoram (Agricultural University, Peshawar).

10. Cultural and linguistic studies of Karakoram (Quaid-i-Azam University).

It was also decided to set up a reference library on related aspects of Karakoram and Northern Area research at the earth sciences department of the Quaid-i-Azam University.—APP.

PAKISTAN URGES PRESSURE ON SOUTH AFRICA

Karachi BUSINESS RECORDER in English 20 May 82 p 5

[Text]

ISLAMABAD, May 19: Pakistan has called upon the international community to apply maximum pressure on Pretoria to force it to relent from pursuing the present policies which threaten world peace and security.

Foreign Office spokesman making a statement on the week of solidarity with the colonial peoples of Southern Africa fighting for freedom, independence and equal rights, being observed from May 19-25, said:

"The government and the people of Pakistan join the international community in commemorating the week of solidarity with the peoples of South Africa fighting for freedom, independence and equal rights and pay homage to the countless freedom-fighters who have laid down their lives in defence of human dignity and fundamental right..

"The observance of the solidarity week has a special significance this year as 1982 has been proclaimed by UN General Assembly to be the international year of mobilization of sanctions against South Africa.

"It is indeed deplorable that in

continuing affront to the conscience of the humanity, the Pretoria regime persists in flouting the resolutions of the Security Council and General Assembly addressed to it. The present political situation therefore underscores the need for an intensified struggle for justice and equality against the white supremacists in South Africa. At the same time, it is the moral duty of the international community to apply maximum pressure on Pretoria to force it to relent from pursuing the present policies which threaten world peace and security.

"Pakistan, a non-aligned and Islamic country, has always extended full support to the just struggle of all peoples against colonialism, imperialism and racism in all their manifestations.

"Today we reaffirm our wholehearted support to the struggle of the courageous peoples of South Africa for equality, human dignity and the complete eradication of the reprehensive system of apartheid and racial discrimination. We are confident that the day of their deliverance from colonial and racist oppression is at hand".—APP.

CSO: 4220/1

ARTIFICIAL LIMB CENTER FOR REFUGEES ESTABLISHED

Karachi BUSINESS RECORDER in English 20 May 82 p 5

[Text] Islamabad, May 19--The Government of Pakistan is contemplating the setting up of an artificial limb centre for Afghan refugees in Pakistan and all necessary arrangements have been given final shape in this connection it was reliably learnt here today.

These reliable sources said the staff equipment and material and building has already been acquired in Peshawar for the centre which will start functioning with the financial assistance of the United Nations High Commissioner for the Refugees (UNHCR) shortly.

The centre is being set up in connection with the government's three phase comprehensive plan for providing all possible help to those homeless people.

In the first phase of the plan, the surgical and medical facilities are already being extended to them by the government in collaboration with the UNHCR and the World Food Programme (WFP).

The last phase, the sources said, envisages the setting up of a Paraplegic Centre for the rehabilitation of the disabled refugees for making them fit and useful members of society. The arrangements in this regard are also in the last stages, the sources added.

Meanwhile, the government is gearing all its efforts to extend all possible assistance to 27 million Afghan refugees who have been seeking refuge in Pakistan since 1979 on humanitarian and religious grounds. These refugees include 25 percent people of advanced ages, 27 percent women and some 48 percent children of all ages.

In addition to their rehabilitation in refugees tentage villages (RTVS), they have also been allowed to construct mud-houses on state lands on self-help basis by the government. The government, however, shares some expenditure for the construction of roofs of such houses, the sources maintained.

## Essential Supply

Furthermore, they are being supplied with, on regular basis, wheat, edible oil, powdered milk, sugar and tea by the government in collaboration with the UNHCR and WFP. For cooking purposes, they are being provided with a stove and 18 litres of kerosine oil per family. The kerosine oil has been donated by the Government of Saudi Arabia for this purpose.

As for clothing, the sources told they are given one quilt, bedding or blanket per head in addition to one suit of "Shalwar Kameez" length per head per year. This does not include unlimited supply of used clothing. Similarly, foot-wares are provided on one pair per head per year basis as well as utensils one set per family.

As for medical assistance, the sources said a full-fledged dispensary was functioning in each tentage village with one medical officer, one compounder and one lady health visitor. These dispensaries are fully stocked with medicines, the sources added.

Veterinary facilities are also being extended for about 30,00,000 livestock brought by the refugees in Pakistan. The influx of these refugees in NWFP and Baluchistan caused a serious problem for the forests in the shape of deforestation. Plans were underway to overcome this problem, the sources concluded.--PPI

CSO: 4220/1

# GETTING RID OF FOREIGN LOANS EMPHASIZED

Karachi BUSINESS RECORDER in English 20 May 82 p 8

[Text]

The Sind Provincial Minister for Finance and Industries, Ashraf W. Tabani said in Karachi last evening that the country would have to get rid of foreign loans as earlier as possible in order to ensure its economic freedom.

"For this purpose we will have to utilise the country's internal resources effectively", Tabani said while speaking as the chief guest at a symposium on savings organised by the Pakistan National Centre.

The Minister pointed out that on the one hand the rich and developed countries were progressing at the rate of three per cent per annum while the poor countries were getting poorer at the annual rate of six per cent.

He said that the population of developed countries which constitutes 25 per cent of the world population was in possession of 90 per cent of the world's natural resources and they provide only 5.7 per cent of the national growth to poor countries as an aid, and this gap between the rich and poor countries was widening day-by-day.

"Under such conditions we would have to decide not only how to utilise our resources in order to lead our economy on the path of progress but also restrict our expenditure within a set limit and save our money for the country's development and welfare", Tabani stressed.

He said that as compared to India, Sri Lanka and Burma with dollars 190, 230 and 160 per capita income respectively, it was 284 dollars in Pakistan but its rate of saving was only 6.5 per cent in —4.1 per cent in the public sector and 2.4 per cent in the private sector—as against the saving rate of 22 per cent in India, 19 per cent in Sri Lanka and 15 per cent in Burma.

The Minister pointed out that Pakistan had secured the first loan in 1950 and till December, 1979 loans amounting to 10 billion dollars were outstanding against the country.

He said that these loans were a big burden on our economy and the country would have to get rid of them, for its economic emancipation for which the nation will have to strive for increasing the rate of savings.—APP.

CSO: 4220/1

BUDGET CUT FOR 1983 CONSIDERED

Manila PHILIPPINES DAILY EXPRESS in English 18 May 82 p 10

[Article by Resty Perez]

[Text]

THE proposed P72-billion national budget for 1983 may be reduced to only P64.5 billion because of an expected drop in government revenues from taxes and customs duties.

In the past two weeks, Budget Ministry officials have been meeting behind closed doors to figure out ways to prune down the 1983 budget from P72 billion to P64 billion with the least disruption in the implementation of government projects, informed sources disclosed.

Despite the projected drop in government income, the President may ask the Batasang Pambansa to approve a P68-billion national budget to boost economic activity and to gain flexibility "if ever tax and duty collections exceed projections," the sources added.

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THE budget cut, informed sources said, could trigger the adoption of more austerity measures and threaten the implementation of some projects and programs.

It was gathered that for the first three months of 1982, the Bureau of Customs collected P2.9 billion in duties, a slight 3.89-percent increase over collections a year ago.

The Bureau of Internal Revenue, on the other hand, eked out during the same period a 4.47-percent increase in tax collections to P7 billion from last year's P6.7 billion.

The slight increases, the sources added, are not enough to cover the original budget proposal of P72 billion.

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THE poor collections have been blamed to a downturn in business activities here and abroad.

The proposed budget cut could result in a cutback in new hirings by government agencies and delays in the construction of new buildings.

Buying of new equipment such as typewriters and vehicles, will likewise be discouraged, the sources said.

The P64-billion budget proposal is

only 10 percent more than the P59.7-billion appropriated for 1982.

There is no increase in real terms because the additional 10 percent being allocated will be barely enough to take care of inflation, the sources said.

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THE Cabinet is scheduled to take up the money measure today to draw up a list of projects which should get priority funding.

The major allocations for this year's P59.7-billion budget are: Ministry of National Defense, P8.3 billion; Ministry of Public Works and Highways, P5.4 billion; Ministry of Education, P4.3 billion; Ministry of Energy, P2.4 billion; Ministry of Health, P2.1 billion; Office of the President, P2.1 billion; Ministry of Human Settlements, P1.8 billion; Ministry of Natural Resources, P1.04 billion; Ministry of Trade and Industry, P1.2 billion; National Priorities Support Fund, P8.1 billion; and national assistance to local governments, P6.8 billion.

PRESIDENT DEFENDS FOREIGN BORROWING

Manila BULLETIN TODAY in English 24 May 82 pp 1, 5

[Article by Jose De Vera]

[Text]

President Marcos defended yesterday the P35-billion foreign borrowings by the Central Bank for the country's industrialization program.

The President also told newsmen the administration will review the government's 11 major industrial projects and present a balanced agro-industrial program.

The P35 billion borrowings of the Central Bank, the President said, were needed to prime the economy, enable the Filipinos to control their economic destiny and prevent foreign domination.

He quoted the late senator and statesman Claro M. Recto as saying that it was better for the Philippines to borrow than let foreigners come in and control the economy.

He pointed out that if private firms were to borrow on their own, they would be paying interest rates ranging from 21 to 25 per cent.

If, according to the President, the government borrows from abroad, the interest is only about nine or 10 per cent.

The government guarantees these loans, although eventually the private sector gets the funds, he stressed adding the government only appears as the borrower, which is truly the private sector.

Infrastructure borrowings the President said, would benefit not the government but the people and private firms.

In reviewing the 11 major industrial projects, the President said "we should not listen to the critics who are plotting to ensure that we will forever be under industrialized countries."

"What we need," the President said, "is resolve. Should we still have second thoughts just because of the complaints of other countries?"

He stressed the need for foresight and said this was the reason for his persistence in pushing through the industrial projects.

He said that if prices increase 10 per cent annually, a 100 per cent increase would have taken place in 10 years. This demands the country should move now, he added.

"The truth is many of the bigger countries are preventing industrialization," the President stated.

Asked if the administration would push through all its planned 11 major industrial projects, the President answered: "Not all of them. We will balance them."

He disclosed that the Nauru government has invested in the sulphur phosphate project 40 per cent equity totalling \$40 million. The balance, he said, will be provided by the National Development Company.

The President



admitted he had his "own doubts" about the viability and profitability of many oil-based factories listed among the 11 major industrial projects.

The reason for this, he explained, was the high cost of fuel.

The President promised that administration leaders would review the industrial projects.

"As the wise men say," the President declared, "only fools don't change their minds. Probably we should remember the saying, 'On the beach of hesitation bleach the bones of millions who, on the dawn before victory, rested, and resting, died'. We should not hesitate."

The President said that hesitation on the part of government sometimes proved costly.

He cited the copper smelter project which he ordered studied in 1967. The projected cost of a small smelter was only then only \$15

million, the President said.

"How much do we have to pay now for a copper smelter?" he asked, and answered his own query. "\$400 million to \$1 billion," he said.

Mr. Marcos also chided the opposition for harping on the country's borrowings.

The 11 major industrial projects are:

1. The P400-million copper smelter project in Isabel, Leyte.

2. The P370-million phosphatic fertilizer project also in Isabel, Leyte.

3. The P580-million joint aluminum smelter project of NDC and a foreign company in Tagoloan, Misamis Oriental.

4. The P100-million diesel engine manufacturing project.

5. The on-going cement rationalization program, which will rehabilitate and convert cement plants to coal-fed plants.

6. The P150-million

coconut industry rationalization project of the United Coconut Planters Bank and the Henckel of Germany.

7. Integrated pulp and paper factory which is still under study.

8. The P187-million petrochemical complex in Limay, Bataan.

9. The P100-million heavy engineering industries project to produce requirements of all major industrial projects.

10. A steel mill project or the modernization of the Iligan plant of the National Steel corporation to produce 1.2 million metric tons of slabs and 0.3 million metric tons of bloom.

11. Alcogas program of the Philippine National Alcohol Commission which will put up 14 distilleries with a total capacity of 234 million liters of alcohol by 1985 to reduce the country's dependence on imported crude oil.

MORE INCENTIVES FOR FOREIGN OIL SEARCHERS

Manila PHILIPPINES DAILY EXPRESS in English 19 May 82 p 10

[Article by Samuel V. Senoren]

[Text]

THE PHILIPPINE government is trying to revive waning interest among US-based oil companies in local exploration as a result of the current oil glut and runaway drilling costs.

A series of unsuccessful drillings have discouraged many foreign prospectors but the government is now trying to appease them by arranging mainly for an attractive cost recovery scheme.

The speedy cost recovery scheme is actually one of several new lures which the Ministry of Energy is working out. The incentive package was unwrapped by Energy Minister Geronimo Velasco before oil executives in Houston two weeks ago.

Official response from oil exploration companies is not expected to be known until such time that the government comes out with a definite policy on incentives.

SOME of the incentives require legislation and this may take some time before they can be enforced.

These include cross-recovery of all deepwater service contract technical operating expenditures and allowance of longer periods for delineating deepwater discovery fields.

Under the cross-recovery concept, oil exploration firms drilling in more than 200 meters of water will be allowed to recover all technical operating expenses from production in case of an oil discovery.

Furthermore, to determine the viability of such discovery areas, they will be given a time frame of up to 16 years within which to put the field into production.

Other incentives which local and foreign oil companies have been seeking are also likely to be given.

These include the restoration of the Filipino Participation Incentive Allowance (FPIA), increased pro-

duction share from the present 30 percent to 40 percent and the reduction the three-well drilling commitment during a two-year period.

TO support the oil sector, the government also extended the invitation to cover geothermal development.

In a dialogue with US oilmen, Velasco noted that "oil companies have diversified into other energy fields and are looking for suitable investment opportunities."

"I cannot think of a more suitable non-oil investment opportunity for you than in Philippine geothermal operation," he told the oilmen.

The energy official added that the drilling success ratio in geothermal exploration has been 9 out of 10 wells drilled.

At present, geothermal operations are being undertaken by the government-owned Philippine National Oil Co. with financing provided mainly by the World Bank.

INDIGENOUS ENERGY USE RISING

Manila PHILIPPINES DAILY EXPRESS in English 20 May 82 p 9

[Article by Rosario A. Liquicia]

[Text]

THE country is gradually but surely increasing the use of domestic energy resources to fill its energy requirements.

For the first three months of the year alone, data show that more indigenous energy resources were put to use than in the same period last year, hence helped the country save \$231 million which would have otherwise been spent for oil imports.

According to a report of the Bureau of Energy Utilization (BEU), demand for imported oil during the quarter declined by 12 percent. As a result, the share of oil in total energy consumption dropped from 73 percent in the first quarter of 1981 to 66.8 percent this year.

The gap was partly filled up by indigenous energy, the share of which in domestic increased energy usage rose to 32.2 percent.

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OVERALL energy consumption during the quarter, however, dropped by 3.1 percent from last year's volume equivalent to 23.1 million barrels of oil.

BEU Director Orland L. Galang said oil production from the Cadlao

and Nido oilfields went up by 144.5 percent to 797,000 barrels, representing 3.6 percent of total energy consumption in the first quarter.

Hydro power accounted for 7.2 percent of total energy consumed during the period or 1.60 million barrels of oil equivalent (MBOE), while power from geothermal plants provided 6.2 percent of total energy demand or 1.38 MBOE, Galang reported.

The BEU head also said overall demand for coal decreased by 6.9 percent despite the 17.9-percent growth in coal consumption by cement plants.

Coal accounted for one percent of total energy consumption during the first quarter.

Bagasse, another indigenous energy source, accounted for the biggest share of 15.2 percent to total energy requirements for the first three months of 1982.

Bagasse consumption, the BEU said, hit 3.4 MBOE during the three-month period, exceeding the past year's volume by 16 percent.

ASEAN FREE TRADE POLICY FAVORED

Manila PHILIPPINES DAILY EXPRESS in English 20 May 82 p 9

[Text]

**THE** Philippine Chamber of Food Manufacturers (PCFM) has endorsed the proposal that ASEAN members adopt a free-trade policy among themselves on all food products, subject to a few conditions.

Jose Concepcion Jr., PCFM president and concurrently director of the Philippine Chamber of Commerce and Industry, said that an ASEAN free trade policy on all food products would substantially improve the level of intra-ASEAN trade and boost Philippine exports to other countries.

However, the PCFM board proposed the following conditions:

- Tariff duties on all food products in all the ASEAN countries be reduced to a level selected by the ASEAN economic ministers.

- The ASEAN countries adopt a 30 percent tariff on all food products outside the ASEAN region.

- ASEAN members with no existing tariff duties should impose tariff on other products from non-ASEAN countries; otherwise, their products

will not be given preferential ASEAN access.

- That the free-trade policy starts five years after its approval.

The PCFM said the Philippine Food processing industry will not survive competition from other ASEAN members unless existing problems and difficulties are resolved.

Among the measures proposed:

1. That Philippine food firms be allowed to import their own raw materials to take advantage of appropriate timing and lower prices;

2. That the tariff on the local industry's imported raw materials and packaging materials are set at least at the same tariff level as those in other ASEAN neighbors in order to compete with products imported from competing ASEAN food processors;

3. That Philippine firms are provided with lower electric power rates. Electric rates of local industrial users are 40 percent higher than those in other ASEAN countries.

4. That the industry be given access to interest rates comparable with those made available to other food industries in the ASEAN region.

CSO: 4220/2

# ASEAN FOOD PROPOSAL BACKED

Manila BULLETIN TODAY in English 24 May 82 p 16

[Text]

The board of directors of the Philippine Chamber of Food Manufacturers (PCFM) has favored the proposal that Association of Southeast Asian countries adopt a free trade policy among themselves in all food products, subject to a few conditions.

This was announced by Jose Concepcion, Jr., PCFM president and concurrently director of the Philippine Chamber of Commerce and Industry.

Concepcion said that an Asean free trade policy on all food products would substantially improve the level of intra-Asean trade and boost Philippine exports to non-Asean countries as well.

He explained,

however, that for an Asean free trade policy to be successfully implemented, the PCFM board proposed the following conditions:

1. Tariff duties on all food products in all the Asean countries should be reduced to zero or at a level selected by the Asean economic ministers.

2. The Asean countries should adopt a common outer tariff of about 30 per cent on all food products from non-Asean countries.

3. Asean member countries who do not have existing tariff duties should impose an outer tariff for products from non-Asean countries to participate in the free trade scheme; otherwise, their products should not be given preferen-

tial Asean access.

4. The implementation of the free trade policy should commence 5 years after its announced promulgation.

In supporting the free trade policy proposal, the PCFM board also warned that the Philippine food processing industry would not be able to survive competition from other Asean countries unless major structural problems and difficulties currently being encountered by the industry are resolved.

Among the measures proposed are:

1. Philippine food firms are allowed to import their own raw materials to take advantage of appropri-

ate timing and lower prices.

2. The tariff on the industry's imported raw materials and packaging materials are set at least at the same tariff level as those in other Asean countries in order to be able to meet head-on the products imported to the Philippines from competing Asean food processors.

3. Philippine firms are provided with lower electric power rates than present rates for industrial users which are as much as 40 per cent higher than those in other Asean countries.

4. The industry is given access to interest rates comparable with those made available to the food industry in other Asean countries.

## RECESSION SEEN INTO '82

Manila BULLETIN TODAY in English 20 May 82 p 20

[Text]

The government's economic managers have finally conceded that the international recession will continue during most part of the year, with an upturn expected, hopefully, by the end of the year.

This assumption, based on a number of forecasts both here and abroad, was taken by the government when it presented recently to the International Monetary Fund the preliminary projections for 1982.

Despite its assumption of a prolonged economic slump for most of 1982, the government projections still were based on a target rate of real growth of 5.1 per cent.

Inflation rate is also projected at 10 per cent, slightly lower

than the 12 per cent registered last year.

Further slowdown in the inflation rate may be partly due to the recession factor, as was the case last year.

Moreover, the government projections presented to the IMF estimated a current account deficit of \$2.7 billion, equivalent to 6.5 per cent of GNP, which was slightly higher than the 6.2 per cent of GNP last year.

Balance of payments deficit, which already reached \$539 million after the first three months, is projected at \$500 million, roughly 1.2 per cent of GNP.

Probably as a result of this Central Bank projections, other government agencies likewise acknowledged that the overseas economic slowdown would

not run its course until by the latter part of the year.

The Philippine National Bank, citing its own economic studies, believed that recession will linger for most part of the year, forcing it to lower its quantitative targets

for loans and resources.

In the private sector, business leaders took a more gloomy forecast about the economy.

They felt that if recession will take some more time and end by the latter part of the year, no upturn in the domestic economy could be expected until by the middle of next year.

They cited that the time lag for any improvement in the economies in the indus-

trialized countries to be felt on the local economy takes at least six months.

Based on this experience, exports, on which a large chunk of the economy depends, are not expected to recover until May or June next year.

The behavior of exports would determine to a large extent the size of the country's balance of payments deficit.

The government's projection of a \$500 million BOP gap this year is based on a projected growth of 11 per cent in exports and a 7.0 per cent increase in imports.

The export projection, in turn, assumed a 19 per cent growth in the value of non-traditional manufactures.

FARMERS' PROBLEMS BARED

Manila BULLETIN TODAY in English 18 May 82 p 32

[Article by Mario P. Chanco]

[Text]

A beleaguered farm society claimed to represent more than half the nation's booming 50-million population faces the celebration of Farmers Day on Friday, May 21, with mixed emotions.

Soaring farm production costs, the low prices of farm produce, shrinking of farmsteads, and the attrition of countryside labor as a result of mass migration away from the rural areas have taken their toll. Land reform, despite the peripatetic impulses given to it, appears to have lost its earlier momentum and in some provinces farmer leaders actually claim its previous gains have become endangered.

Depressed world prices for such basic farm commodities as sugar and coconut oil have had a large hand in the band of poverty en-

circling the rural areas. But farm leaders who have been quantifying the amount and the variety of assistance programs given to the countryside say technocratic mismanagement of agriculture on many ministerial and financing levels is the culprit, the nigger in the countryside woodpile.

"In so doing, we have created a welter of over 50 different credit and more than 60 assorted farm assistance programs costing hundreds of millions of pesos which more often than not clash with each other," says a ranking national farm organization leader. "Unless this situation is properly diagnosed, we shall be funnelling scarce resources in the perpetuation of greater irrelevancies than the present. To dismantle this costly

apparatus, we must tackle the problem from top to bottom. Anything less than a total overhaul would be merely postponing the time of agricultural disaster."

Adding an ominous note to the plea of some sectoral groups for an immediate increase in the basic price of palay and rice is their realization that this request may have fallen upon unsympathetic ears. The basis for this belief is that industrial labor, its partner in the socioeconomic ladder, got nothing but a few superficial concessions in retirement benefits at its own May 1 Labor Day observance. A price increase in basic rice or palay, farmers feel, not only might seem untimely regardless of the farmers' need but might trigger off a price chain reaction affecting not only workers but the farmers themselves.

## RECESSION FORCES LOWERING OF NATIONAL BANK TARGETS

Manila BULLETIN TODAY in English 19 May 82 p 22

[Text]

The Philippine National Bank has decided to lower its quantitative targets for this year as a result of worldwide economic downturn and the delayed recovery of the international economy which are affecting the country, particularly the banking sector.

PNB chairman Gerardo Sicat and president P. O. Domingo stressed, however, that credit support to the agricultural loan programs, the KKK, Biyayang Dagat, cottage and small and medium scale industries and the dollar-earning export sector will remain undiminished.

PNB which accounts for one-fourth of the total resources and loans of the commercial banking system, will also continue its efforts to salvage industrial concerns that qualify for assistance under the industrial fund of the Central Bank, according to the two officials.

The adjustments in PNB's financial goals under its management by objectives (MBO) program substantially affect the following key areas: assets growth, loan portfolio, borrowings and income.

The bank, which recorded P44.9 billion in total assets last year, has lowered its assets growth objective from 15.0 to 12.0 per cent this year. Total resources are forecast to reach only P50.25 billion at year-end 1982.

The revised loan level by year-end 1982 is targeted at P29.61 billion against the previous goal of P32.40 billion or an expansion of just 8.0 instead of 18.2 per cent previously programmed.

Borrowings from US and other foreign banks will be brought down from the P7.59 billion at the end of 1981 to P6.40 billion by the end of 1982 or a reduction of foreign borrowings by 15.7 per cent. This will be possible if the domestic savings mobilization effort

succeeds.

PNB also expects to have a reduced net profit of P160 million than the P250 million earlier projected for 1982.

The decision to change the planned targets was arrived at after careful review of economic indicators that emerged during the first quarter of this year.

Studies conducted by the bank showed that the current state of recession that has overtaken the country's principal exports markets has turned out to be much deeper than had been forecast and new predictions suggest that it will be more prolonged. As a result, PNB's base for sources of funds for loan expansion may be reduced due to the liquidity difficulties facing a number of export-oriented firms.

The move to cut cash operations of the government due to a possible shortfall in expected revenues may also limit PNB's bid for funds from the public sector.



DEBT SERVICING COST FOR '82 FORECAST

Manila BULLETIN TODAY in English 19 May 82 p 22

[Text]

The Philippines debt service ratio this year is estimated by the Central Bank at 19.4 per cent (reckoned from the total foreign exchange receipts for the previous year), slightly higher than the 19.1 per cent recorded last year.

This is equivalent to about \$2.4 billion, according to the latest estimates made by the CB and is just about the size of the ceiling for new external borrowings authorized by the monetary board for the current year.

According to the CB,

the current year's debt service was well within the statutory ceiling prescribed by R.A. 6142, as amended otherwise known as the foreign borrowings act.

A big bulk of the \$2.4 billion estimated repayments in 1982 consist of interest on outstanding loans while a minor portion are payments of principal.

The computations were based on the outstanding external debt of \$15.84 billion at the end of the first quarter this year consisting of

\$11.49 billion in fixed-term borrowings and \$4.35 billion in revolving credits.

Government authorities brushed aside concern expressed by some sectors in the foreign banking community about the country's debt service capacity in the light of poor export performance last year and this year.

They said that there is enough leeway in debt management because the 20 per cent statutory ceiling was based on total foreign debt, including those of the private sector.

However, the ceiling excludes short-term debt.

Of the outstanding foreign debt, 46 per cent is owned by the private sector and 54 per cent was borrowed by the public or government sector.

On the other hand, the CB maintains a comfortable attitude in its debt management efforts because about 68 per cent or \$10.7 billion of foreign debts consists of borrowings with maturities exceeding five years.

## DEEPWATER OIL PROSPECTING URGED

Manila BULLETIN TODAY in English 17 May 82 p 24

[Text]

Oil exploration in deepwater areas has become the focus of a seven-point incentives package now being considered in the Cabinet headed by Prime Minister Cesar E.A. Virata.

With much of the oil discoveries recorded in the offshore areas and the deepwater areas promising to be only source of a major find, the government through Energy Minister Geronimo Z. Velasco prepared the new set of incentives to accelerate the pace of exploration in the more difficult areas.

Exploration in the country has tapered off primarily because of recession and the higher risks involved in the search for oil. From 21 wells in 1980, only 17 were drilled last year. Velasco attributed the decline in drilling activities

to the more expensive operations required by drilling the significant potential structures in deepwater areas.

So far, oil exploration firms have drilled in the Galoc and Malajon areas as well as the Reed Bank area, which is also known as the Kalayaan area.

The three separate areas have more difficult and expensive exploration operating conditions, but drilling activities have indicated that they could hold a big reservoir of oil.

Galoc and Malajon both sit in a sandstone structure with the former proving to be an oil and gas field. Two discoveries were already made in north and south Galoc while Amoco Phils. is set to drill another well in Malajon where oil

seepage is evident.

The Kalayaan area on the other hand yielded gas in the first drilling conducted by the Swedish firm Salen Exploration.

Development works and further exploration in these areas, however, present difficulties to oil exploration companies. Cities Service, for one, spent \$16 million in drilling South Galoc-1 and it would cost the Houston-based firm \$947 million to develop the field which could involve the drilling of 50 production wells.

Furthermore, drilling in an offshore area with waters beyond 1,000 feet requires higher and more expensive technology.

Recognizing the higher cost and risk involved in deepwater operations, Velasco is

working out with the Batasang Pambansa the passage of a legislation that will allow service contractors "to recover all technical operating expenses in such areas from production under a deepwater service contract."

A cross-recovery scheme is being offered to companies involved in such operations. Under the proposal, exploration firms can recover their expenses in a separate deepwater area from an area where a successful oil discovery is made and developed for production.

The government is also extending the statutory eleven-year exploration period to as much as five years in determining the viability of deepwater discovery fields.

## MINING INDUSTRY MAY NEED FINANCING

Manila BULLETIN TODAY in English 19 May 82 p 22

[Text]

A total of P20 billion may be shelled out by the government to keep the mining industry afloat.

This estimate was made by industry sources who quantified the requirements of the mining industry under the inventory and swap financing facility authorized by the Central Bank to help distressed mining companies.

Based on the prevailing prices for gold, copper and nickel, all the country's mining firms are eligible to apply for financing assistance from the CB.

Under CB Circular No. 873, the financing assistance may be availed of based on the

threshold prices of \$370 per ounce for gold; \$0.90 per lb. for copper and \$3.00 per lb. for nickel.

If metal prices are below these guidepost prices, financing assistance to mining companies will be extended by the CB.

At present, the prices for gold, copper and nickel are all below the threshold prices adopted by the CB.

Based on the financial performance of the mining companies for the first quarter of 1982, only two of the big firms—Philex Mining and Benguet Corp.—reported net profits, although their profitability showed a

marked decline from that of the comparative period last year.

The rest, Atlas, Lepanto, Marinduque, Benguet Ex., and Marcopper all reported net losses during the first quarter.

Under the CB scheme, financing assistance are to be directly provided by the CB to copper mines.

They could avail of a swap facility for a period of six months up to 50 per cent of their actual production.

The other half may be financed by an inventory financing for 90 days, renewable for another 90 days at not more than 14 per cent per annum.

In the case of primary gold producers, they may avail of a hedging facility from the CB.

Under the facility, producers may sell their output to the CB at the prevailing gold price and prevailing exchange rate with option to repurchase.

When gold prices go up, producers may buy back the gold at the former price and take advantage of the current high prices.

They have up to 360 days under the repurchase option to speculate on the price of gold, with their inventory held by the CB at the financing rate of 14 per cent.

COAL MINES NEED GOVERNMENT ASSISTANCE

Manila BULLETIN TODAY in English 18 May 82 p 20

[Text]

Domestic coal producers need financial assistance from the government, preferably access to long-term funds from one or more of the government financing institutions.

The final report of the joint survey mission of the World Bank and the Asian Development Bank of the country's energy sector emphasized this need as it listed a number of recommendations concerning the government's national coal program.

It pointed out that underground coal producers ought to be assisted to expand their output because the huge coal reserves found in open-pit mines are suitable only for power generation.

Noting that the coal industry is not in a healthy financial position, the mission proposed a study of the industry's financial needs at the same time that an operational plan is being prepared.

At the same time,

the mission urged the government to "remove any uncertainties" in the minds of coal users as to the relative roles of government and private sector agencies in expanding the coal market.

For nearly two years, the study noted, major private buyers did not know whether or not they were free to enter into direct negotiations with foreign or domestic producers or would be required to buy from a government agency and, if so, under what pricing principles.

It was only in the middle of last year that the government decided that coal importing would be a government monopoly.

However, no policy had yet been established on the prices at which imported coal would be sold to private buyers or on how much freedom major buyers would have to enter into direct contracts with domestic producers.

## SUGAR QUOTA FREEZE OPPOSED

Manila BULLETIN TODAY in English 23 May 82 p 15

[Text]

Ambassador Roberto S. Benedicto, head of the Philippine delegation to the executive council meeting of the International Sugar Organization (ISO) in London, condemned yesterday the freezing of basic export tonnages (BETs) to 1982 levels.

Benedicto said the move would reduce the ISO to "impotence for the next two or three years."

The Philippine delegation head said the current world price is actually 35 to 40 per cent lower in real terms than when the International Sugar Agreement (ISA) was negotiated in 1977.

Benedicto pointed out that the fall in sugar price has greatly affected production costs in countries which have expanded production.

He added that the steep price decline was causing serious balance of payments

problems even in conservative countries like the Philippines which did not join the rush to expansion activities.

This year's dollar receipts would probably be less than 10 per cent due to the low world market price of sugar, according to Benedicto. Sugar accounted for 25 to 27 per cent of total export receipts seven or eight years ago.

He called on both the ISO and the European Economic Community (EEC) to get together in a common effort to improve the sugar situation.

The Philippines, Benedicto told the London meeting, is of the view that the first duty of the council is "to seek ways and means to improve the price situation." He said this is urgent as it affects the credibility of the ISA.

World sugar price is now down to about

seven US cents a pound compared to 15 US cents a few months ago.

Benedicto called for an urgent solution to the worsening world sugar price situation which is affecting the balance of payment problem of sugar exporting countries around the world.

Benedicto's appeal was supported by both exporters and importers such as Japan, Zwasiland, Mauritius, Guyana, South Africa and Norway.

John Maddison, representative of the EEC, requested that the EEC be fully involved in any fullfledged conference that may be held to discuss EEC accession to the International Sugar Agreement (ISA) and in the talks to solve the price problem.

LONDON, May 22 (Reuter) — The future of the International

Sugar Agreement was assured for the next two years today when the council of the International Sugar Organization (ISO) decided to freeze 1983-84 exports at 1982 levels.

The ISO, a 59-nation group of sugar exporters and importers which aims to stabilize prices with the help of the pact, approved a committee decision to freeze total basic export tonnages from 1983-84 at 19.44 million tons of raw sugar annually, the same as for 1982.

Yesterday the Philippines said the ISO should start preparing the groundwork for a new pact because the present one was unable to support prices, delegates said.

The Philippines called on the European Economic Community (EEC), which will export a record five million tons this year, to become a member of any future agreement.

RICE SUPPORT PRICE RAISED

Manila BULLETIN TODAY in English 22 May 82 pp 1, 11

[Article by Jose De Vera]

[Excerpt]

President Marcos announced yesterday that the government support price for palay was being raised from P1.55 to P1.70 per kilo.

The increase, he said, was only part of a package of agricultural incentives that included the abolition of the fertilizer subsidy and the reduction in the price of fertilizers.

The incentives also came with measures meant to improve the farmer's lot. They were all announced by the President during the celebration of Farmers Day at the Philippine International Convention Center.

The other Presidential directives:

1. A letter of instructions for the procurement by the National Food Authority of 15 per cent of all palay production, for the implementation of a comprehensive procurement program, the extension of credit lines and acceleration of procurement tie-up with organized farm groups.

2. An order removing the fertilizer subsidy and reducing the prices of fertilizers except Triple 14 which was subjected to a study for price reduction purposes.

3. An instruction to the Ministry of Agriculture (MA) to submit in two months' time an economical applicator (fertilizer) for price similar to that used in sugarcane fields.
4. The appropriation of ₱450 million over three years as special revolving trust fund to facilitate payment of claims by Masagana banks.
5. Instructions for the inclusion of corn under the crop insurance coverage.
6. An order creating 2,300 new positions for field extension workers, increasing the extension force from 13,000 to over 15,000.

7. A directive increasing the Maisagana hectarage from 50,000 to 100,000 hectares.

8. Directive for a study on the improvement of the cattle and dairy industry and the setting up of small cattle ranches.

The President emphasized that the creation of an integrated area management system was necessary to promote effective coordination and integration among the various government agencies involved in agricultural and rural development.

Under this setup, the MA and the Food and Agriculture Council will formulate policies and programs including delivery of agricultural inputs and services.

In increasing the price support for palay, the President hoped farmers would realize increased incomes despite increased farm labor and input costs.

After the announcement, Minister Placido Mapa, director general of the National Economic and Development Authority (NEDA), said that the new price of rice "will not cause any significant increase in the cost of living."

"It will add no more than one per cent to the consumer price index," Mapa said.

"In the final analysis, it is the adequate supply of rice that will assure us of stable

prices and cost of living," he added, saying postponing the increase would wreck havoc on farmers.

The President also said it was crucial for the NFA to increase its rice procurement to 15 per cent of total production, the bulk of which will come from the October-December harvests.

The President reiterated anew the use of azolla or organic fertilizer instead of chemical fertilizers, citing Sulpicio Estares of barangay Linao, Barotac Nuevo, Iloilo, whose successful use of azolla earned him a Presidential trophy.

The President added that the fertilizer subsidy had cost the government P2 billion in the last eight years, but that now that the prices of fertilizers had gone down, it was time

to remove the subsidy.

The President also asked scientists and experts to study the most economical application of fertilizers.

The President cited several improvements in the crop insurance program, including increase in guaranteed yield for both rainfed and irrigated rice areas.

The President said crop insurance represents renewed determination and dedication to agricultural development under the New Republic.

Citing the urgent need of transferring new technology from scientific laboratories to the farmer, the President thus created 2,300 new field extension posts.

The President also expressed hope that by 1984 the country will not import corn any longer.

STEEL VENTURE IN ABEYANCE

Manila PHILIPPINES DAILY EXPRESS in English 20 May 82 p 9

[Article by George T. Nervez]

[Text]

**PLANS** for the proposed \$1-billion integrated steel complex, one of the 11 major industrial projects envisioned by the government, may be delayed, highly reliable sources disclosed yesterday.

The National Steel Corp. (NSC), which will implement the ambitious projects has set aside proposals submitted by three big foreign groups, and changed the specifications for the first phase of the steel complex, the sources said.

It has also reset two news deadlines for the submission of the revised specifications: June 26 and August 26, 1982.

The new specifications desired by the NSC were not immediately known.

**THREE** big groups have already submitted bids for the project which involves the expansion of NSC's iron and steel production facilities in Iligan.

The expansion program calls for the construction of three separate facilities, namely, the iron factory, a steel plant and a rolling mill.

Bids for the NSC project were earlier submitted by the Lurgi of Germany and Voest Alpine of Austria, Kawasaki Heavy Industries of Japan and Krupp Polysius of Germany, and Davy McKee of Britain and Direct Reduction Co. of

the United States.

But the foreign companies have reportedly expressed serious doubts about the viability of the project because of the high cost involved.

It was learned that the NSC increased the planned rated capacity of the iron factory from 800 million tons yearly to 1.4 billion tons a year.

The additional capacity would boost the cost of the iron facility alone from about \$200 million to anywhere from \$600 million to \$800 million.

**THE COMPANIES** also said that the construction of the iron facility in a hilly site as proposed would involve additional costs of about \$40 million.

It would be cheaper if the NSC facilities in Iligan would be transferred to a flat area in Luzon where adequate power supply could be tapped easily.

Earlier, top government officials said some of the 11 major industrial projects may be dropped because of the high capital investment involved.

The World Bank, the country's major creditor, in a recent report likewise expressed serious doubts regarding some of the projects because of the loss of comparative advantage if all the proposed projects are implemented.



WEST GERMAN FIRM BIDS ON DIESEL PROJECT

Manila BULLETIN TODAY in English 20 May 82 p 20

[Text]

Maschinenfabrik Augsburg Nurnberg (MAN) of West Germany renewed its bid to undertake the troubled diesel engine manufacturing project in a last ditch attempt to regain its original contract.

Deputy Trade and Industry Minister Edgardo L. Tordesillas disclosed in an interview yesterday that MAN has informed the Board of Investments (BOI) a solution to the financial problem encountered by the West German firm was "nearing."

As this developed, representatives of Cummins Engines of the United States, the only other serious contender for the project,

arrived yesterday to meet BOI officials.

Tordesillas said that Cummins Engines will hold talks with government officials regarding the company's separate bid and that a formal proposal is expected to be submitted by the third bidder to the BOI.

BOI has clamped down on its deadline for awarding the project with capacities of 50 to 150 horsepower. Earlier, Tordesillas said that the government will decide which company will undertake the project either late this month or early June.

With the new ruling imposed by BOI on the three proponents, MAN has lost its outright chance to regain the contract since its

proposal would be evaluated side by side with Detroit Diesel Allison and Cummins Engines.

According to Tordesillas, this arrangement would no longer pose an irritant to the two new bidders.

Detroit Diesel earlier complained to the BOI over the first arrangement where MAN can easily regain its original contract once the West German company solves its internal problem with Delta Motor Corporation.

The expected proposal of Cummins Engines, on the other hand, would be the third to be submitted in the project where interest among earlier proponents has waned.

## ELECTRICAL ITEMS, CLOTHES MAJOR EXPORT ITEMS

Manila BULLETIN TODAY in English 18 May 82 p 20

[Text]

Two of the country's non-traditional export products have emerged as the top ranking dollar-earners for the last two years, dislodging such traditional exports like sugar, coconut and copper concentrates, according to Romulo Lumaig, deputy minister of the ministry of trade and industry.

Electrical components and garments have emerged as the top dollar earners in the country today, Lumaig said.

Electrical components in 1981 earned \$811.57 million, a 20.9 per cent increase over its export earnings of \$671.13 million in 1980, he said.

He said garments posted a growth rate of 19.9 per cent improving its performance from \$500.32 million in 1980 to \$599.97 million dollars in 1981.

This is the reason why the government

has included in the development plan for 1983 to 1987 provision for the expansion of exports of these products, Lumaig added.

He said the government will encourage cottage, small and medium industries to participate more actively in the export drive by expanding the volume and improving the terms of financing for these enterprises.

In achieving these targets, Lumaig said, the trade ministry will be guided by the following key elements.

— Organization of all small scale and medium industries patterned after that of Hong Kong, Taiwan and Korea to insure delivery of export products.

— To achieve more favorable trading arrangement with principal trading partners such as Japan, the United States, and the European economic

countries by suing as leverage Philippine industrial purchases.

— To be selective in the development of new products without leaving the others in order to determine the products in which the Philippines has a natural manufacturing advantage.

In implementing the program, Lumaig said, the ministry has pinpointed product lines which have natural manufacturing advantages and which offer interesting export market potentials.

These are garments and textiles, electronics items, shoes and leatherware, furniture and woodwork, handicrafts, processed foods, and overseas contracting.

In the process, he said, the country will utilize full advantage of the facilities of existing agencies of the government and private sectors. (PNA)

PREPARATIONS MADE FOR EXCLUSIVE JAPANESE TRADE ZONE

Manila BULLETIN TODAY in English 22 May 82 p 14

[Text]

The setting up of exclusive Japanese zones in the country loomed as the government worked out the final details of the plan with the Overseas Economic Cooperation Fund (OECF) of Japan.

A source from the Export Processing Zone authority (EPZA) said yesterday that two of the probable sites being groomed for the Japanese zones have already been given priority for development and funding through an OECF loan.

An OECF loan of \$52 million under the yen credit program set for 1982 is being worked out by the Philippine government for project construction and engineering of the exclusive zones.

Twenty-eight Japanese companies, according to the source, have already signified intentions of operating their enterprises in the zones. The source did not identify the companies since the project is still being finalized.

Of the three choice sites earlier announced by EPZA, the one in Malilipot, Albay has been given the first priority for the exclusive zones owing the province's harbor facilities and proximity to the Legaspi airport.

San Fernando, La Union received the second priority while Batangas city got the last priority since a mini-industrial estate in Tabangao, Batangas has already been declared. The estate in Tabangao has been de-

clared an industrial zone after the \$100 million liquefied petroleum gas terminal of the Shell group of companies sought an application with EPZA.

EPZA, it was gathered, established priorities on the three choice sites upon the recommendation of the National Economic Development authority.

EPZA administrator Gerardo Espina, in a letter to NEDA director-general Placido Mapa, Jr., gave the priorities in connection with EPZA's application for an OECF loan.

Mapa, on the other hand, addressed a letter to OECF regarding the priorities relative to the OECF loan which forms the 11th and 12th package under the yen credit program.

# EXPORTS TO JAPAN, EUROPE AFFECTED

Manila PHILIPPINES DAILY EXPRESS in English 18 May 82 pp 10, 9

[Article by George T. Nervez]

[Text]

**PROLONGED** recession in Japan and the protectionist stance of some member countries of the European Economic Community (EEC) reduced substantially Philippine exports to these destinations in 1981.

Trade data showed that last year, trade with Japan resulted in a \$267-million deficit, a complete reversal of the \$2-million surplus realized the previous year.

In the case of the EEC, two-way trade dropped by 1.5 percent as against the 1.5-percent increase recorded in 1980 because of the economic slowdown in the area and the protectionist stance of some member countries.

Trade statistics show that Japan, the country's second most important trading partner, accounted for \$2.783 billion or 20 percent of total trade which amounted to \$13.9 billion.

Two-way trade (export and imports) with Japan was 9.2 percent down after expanding 17.9 percent in 1980.

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**THE** United States last year maintained its position as the country's top trade partner and the premier outlet for Philippine exports.

Trade with the US accounted for more than a quarter or \$3.644 billion of the country's total trade. This was eight percent over the level in 1980 as sales to and purchases from that country increased.

The trade data show that shipments to Japan dropped by 18 percent to \$1.258 billion as demand for certain leading exports stagnated because of the prolonged recession in that country.

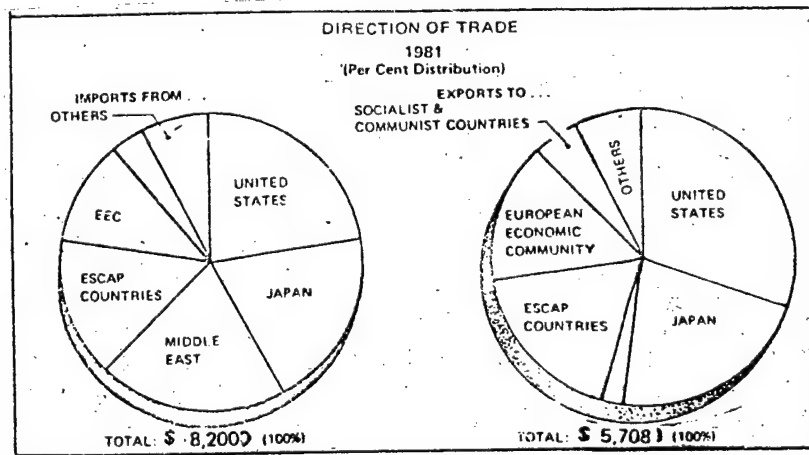
Nevertheless, the Japanese market remained the second largest outlet for Philippine pro-

ducts obtaining the biggest share of copper concentrates, logs, iron ore and gold. Purchases of Japan accounted for 22 percent of total exports.

Imports from Japan also decreased slightly by \$6 million to \$1.525 billion. Imports consisted mainly of base metals, transport equipment, chemical elements and compounds and electrical machinery, apparatus and appliances.

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**IN THE** case of the EEC, exports to that trading bloc dropped by some 6.2 percent to \$919 million. About 16.1 percent of total



exports went to the EEC.

The Netherlands was the principal export outlet in the EEC purchasing Philippine products valued at \$317 million mostly coconut oil.

Other major customers were West Germany-\$244 million, the United Kingdom-\$188 million, and France-\$83 million. Coconut-based products, forest-based products, semi-conductor devices, handicrafts and garments were the most heavily demanded products in the EEC.

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DURING the year, trade with the Economic Commission for Asia and the Pacific (ESCAP) countries reached \$2.366 billion, an increase of 11.5 percent over the 1980 level. The ESCAP

nations accounted for 17 percent of the country's total trade.

The Association of Southeast Asian Nations (ASEAN) group shared 41.6 percent of the RP-ESCAP trade, and grew by 14.4 percent on a yearly basis.

Outside the ASEAN, Hongkong, Australia and South Korea were the major trading partners. Transactions with these countries amounted to \$1.077 billion or about 45.5 percent of RP-ESCAP trade.

RP-Middle East trade during the year amounted to \$1.817 billion or 13.1 percent of total trade. The two-way turnover expanded by only four percent compared to the preceding year's rate of 70.4 percent.

Trade with the Middle East consisted mostly of imports due to the acquisition of additional oil from that region. Exports to that country amounted to only \$103 million or 1.8 percent of total Philippine exports.

CSO: 4220/2

LABOR DEMANDS PAY RAISE

Manila PHILIPPINES DAILY EXPRESS in English 23 May 82 p 1

[Text]

**THE TRADE** Union Congress of the Philippines said yesterday it will seek a P3 daily wage increase for workers in private companies and in the government to cope with the impending increase in the price of rice.

President Marcos ordered the other day a 15-centavo increase in the palay support price. Despite the increase, retail price of rice remains at P2.85 per kilo, the National Food Authority said yesterday.

The NFA said it has stocks of 600,000 metric tons of rice bought from farmers at the old support price. The stocks are good for 130 days.

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**THE WAGE** hike, the TUCP said, is necessary because prices of other basic commodities will increase as a result of a raise in the price of rice.

The labor group said a family of six living in Metro Manila now needs a daily income of P59.26 to pay for its food and other necessities, while those outside the area need a daily income of P55.45.

At present, industrial workers in

Metro Manila receive P18 basic minimum daily wage. Those outside the area get P17.

The TUCP said it will finalize on Thursday its wage increase proposal.

The new price of rice is likely to be P3.19 a kilo, or 25 centavos more than the present price of P2.85 after the floor price of palay was hiked by 15 centavos from P1.55 to P1.70.

Andres Dinglasan Jr., acting TUCP president, reiterated its request for the convening of a bipartite conference to discuss wage increase proposals of 800,000 government workers. He said the meeting should be convened immediately because the government is now preparing its 1983 budget.

The demands of government workers include: grant of a 13th month pay; a uniform retirement law and adjustment in the existing retirement benefits to current cost of living; and grant of a monthly minimum basic pay of P920 and P1,200 for teachers, nurses and other professionals with civil service eligibility.

# TAX INCENTIVES URGED FOR FAILING FIRMS

Manila BULLETIN TODAY in English 24 May 82 pp 1, 10

[Text]

Foreign companies are supporting the clamor for the grant of additional tax incentives to losing companies, it was learned yesterday.

The European Chamber of Commerce of the Philippines has filed a petition with the Bureau of Internal Revenue (BIR) for the adoption of the loss carry-over scheme, as earlier suggested by local firms.

The chamber said that losses in any given year should be deducted from their taxable income for the next four or five years.

For instance, if the firm loses, say P1 million for 1982, the said company should be entitled to deduct the same amount from their taxable income for the next four years at P250,000 per year.

At present, the chamber noted that only enterprises registered with the Board of Investments are granted such an incentive.

The chamber said that last year, several unfavorable developments led to a slowdown in the country's economic performance.

It said the gross national product (GNP) increased by only 4.9 per cent as against the 5.4 per cent gain posted in 1980.

"Mainly responsible for

the decline of the GNP is the slowdown in the industrial sector, lower expansion rate in agricultural production and similar slowdown in the growth of the service sector," it said.

The chamber said the proposed incentive program would reduce

the revenues of the government, "but it is believed that in the overall, the impact on the present state of slackened economic activity outweighs more its negative effect."

It said that only the Philippines in the Asean region does not allow the tax incentive scheme.

The chamber said that several other countries like Japan, the United States and West Germany also grant the loss carry-over incentive.

It said that, among others, Indonesia grants loss carry-forward for four years while Singapore and Malaysia give loss carry-forward indefinitely.

# LABOR MINISTER SCORES LABOR BILL OPPONENTS

Manila BULLETIN TODAY in English 23 May 82 p 40

[Text]

Labor Minister Blas F. Ople urged yesterday certain labor extremists critical of Cabinet Bill 49 "to stop playing politics with national stability at a time when the persistent global economic crisis is wreaking havoc on national economies, particularly employment.

"There is no country in Asia outside Japan where the industrial relations law, supplemented by Cabinet Bill 49, grants more social and economic rights to workers, or permits under certain safeguards the resort to the ultimate bargaining weapons of strikes and lockouts," he said.

Ople said certain labor quarters "are demanding a free-fight situation in labor relations" which they could

exploit to destabilize the economy and the State.

"Cabinet Bill 49 above all protects the right to picket and prohibits the use of strike-bearers but it also defines the obligations of striking workers especially to the general public," Ople said, adding:

"Some labor extremists disagree with clarifying ground rules because they operate best, as aggressive union raiders, in a no man's law of legal ambiguities."

Ople will discuss the most controversial provision of Cabinet Bill 49 in a television interview today, Sunday, at the "Interaction" program emceed by Assemblyman Gerardo Espina.

The Cabinet bill, earlier endorsed by the cabinet, the committee on labor of the Batasan and the KBL party caucus, is the centerpiece of the current special session of the Batasan starting May 19 and ending June 7.

CSO: 4220/10



MAJORITY PARTY FAVORS FIRMER POSITION TOWARD LABOR

Manina PHILIPPINES DAILY EXPRESS in English 19 May 82 pp 10, 6

[Article by Samuel Senoren]

[Text]

MEMBERS of the ruling Kilusang Bagong Lipunan (KBL) yesterday endorsed for approval by the Batasang Pambansa a Cabinet-sponsored measure giving the labor ministry broader powers to cope with the rising number of unsettled labor disputes.

KBL support for Cabinet Bill 49 came after a four-hour caucus in Malacanang presided over by President Marcos.

The bill was adopted without changes, paving the way for its passage by the Batasan when it resumes its special session today.

THE AMENDED bill seeks to amend several provisions of the Labor Code which is claimed to have "many gaps" that have made it ineffective in dealing with labor disturbances.

If passed by the Batasan, the bill will give broader powers to the National Labor Relations Committee (NLRC) of the Ministry of Labor and Employment and to the labor minister himself in handling labor problems.

The bill also seeks to stop illegal strikes which have hurt many industries while protecting legitimate strikers from "strike breakers" and scabs hired by strike-bound establishments.

AS DEFINED by the bill, a strike breaker means "any person who obstructs or interferes by force, threat or intimidation any peaceful picketing by employees during any labor controversy affecting wages, hours or conditions of work or in the exercise of the right of self-organization or collective bargaining."

The same measure referred to a "strike area" as "the establishment of the employer struck against, as well as the immediate vicinity actually used by picketing strikers in moving to and fro before all points of entrance to and exit from said establishment."

Under the bill, the powers of labor arbiters were expanded to include exclusive jurisdiction over unfair labor practice cases, money claims of workers, cases involving household services and cases involving strikes and lockouts, including questions on their legality.

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DECISIONS of labor arbiters can be appealed only to the NLRC which can issue without hearing *ex parte* restraining orders valid for a period of up to 20 days.

In strengthening the powers of the labor minister, the bill provides that "when in his opinion there exists a labor dispute causing or likely to cause strikes or lockouts adversely af-

fecting the national interest such as may occur in but not limited to public utilities, companies engaged in the generation or distribution of energy, banks, hospitals and export-oriented industries including those within export processing zones, the minister of labor and employment shall or may assume jurisdiction over the dispute and decide it or certify the same to the commission for compulsory arbitration. Such assumption or certification shall have the effect of automatically enjoining the actual, intended or impending strike or lock-out as specified in the assumption or certification order."

The inclusion of export-oriented industries and export processing zone-based companies was made through the representation of Industry Minister Roberto Ongpin.

ONGPIN had complained that unsettled strikes in export companies were disrupting international commitments, resulting in heavy foreign exchange losses for strike-bound firms.

As a backup proviso, the bill provides that "the President of the Philippines, when his opinion so warrants, shall not be precluded from determining the industries where labor disputes may affect the national interest and from intervening at any time and exercising jurisdiction over any labor dispute adversely affecting the national interest in order to settle or terminate the same."

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THE MEASURE also banned the following activities:

- Willful obstruction or interference by force, threats or intimidation of any peaceful picketing by employees during any labor controversy or in the exercise of the right of self-organization or collective bargaining or aiding or abetting such obstruction or interference.
- Employment of any strike-breaker.
- The bringing in by any public officer or armed person of any person who seeks to replace strikers in entering and/or leaving the premises of a strike area or to work in place of the strikers.

CSO: 4220/2

## ILLICIT JADE TRADE NOTED

Nairobi DAILY NATION in English 5 May 82 p 6

[Article by Chiang Mai]

[Text]

THE Chinese once regarded jade as a symbol of the best qualities in man. But along today's jade trail — from the jungles of Burma to the emporiums of Hong Kong — the gem drives men to gang wars, smuggling, a strange kind of gambling and sometimes suicide.

Mined in the heart of the notorious "golden triangle," the precious mineral passes through the hands of warlord armies, rebel minority groups and the Chinese Kuomintang before it is fashioned into carvings and jewelry sometimes more valuable than diamonds.

The best jade in the world is quarried in the Kachin State of Northern Burma. The Chinese discovered this some 4,000 years ago, ensured a flow of it to their imperial court and sculpted now-priceless artifacts from the hard stone.

Today, jade leaves Northern Burma in three directions, the bulk of it being smuggled into Thailand.

The Burmese Government, which needs foreign currency badly, has tried to acquire as much of it as possible since nationalising the mining industry 19 years ago. What it does retrieve is auctioned off to European, American and Asian dealers at a state emporium held each year in Rangoon, Burma's capital. Burma has made \$75.5

million since the auctions began in 1964.

Those involved in the gem trade in Rangoon estimate that at least 10 to 20 times what is sold at the state auctions gets smuggled abroad. The mining areas, located in rugged, jungle terrain, are full of rebels of the Kachin independence army, one of a dozen-odd minority groups fighting for autonomy from the Rangoon government.

Kachin rebels who recently surrendered to the government claim that some of the jade is smuggled into China, something also confirmed by jade dealers in this northern Thai city.

But by far the largest quantity of illicit jade winds its way to Thailand by boat, mule caravan, human porters and motor vehicles.

The passage of the jade is taxed by other rebel groups, who use the funds to maintain small "liberation armies".

Some of the biggest opium smugglers, who also maintain private armies, happen also to be among the top jade traffickers, and the periodic "opium wars" among groups competing for the rich, deadly opium harvest can also be regarded as "jade wars".

Thai authorities say that Khun Sa — regarded as the most powerful opium warlord of the triangle — maintains a highly profitable sideline in jade.

MARINE PULLOUT IN BATAAN URGED

Manila BULLETIN TODAY in English 23 May 82 p 40

[Article by Efren P. Molina]

[Text]

BALANGA, Bataan, May 22 — Residents of Abucay and Samal towns are agitating for the pullout of the Philippine Marines in Bataan. They said that the Constabulary, including the integrated national police, and the Philippine Army are enough to give protection to the lives and property of the people of Bataan.

They said that the presence of the marines in Bataan is an insult to the provincial leadership and the Constabulary as well as the police and the Army because the peace and order situation in the province is good.

According to them, the marines should be deployed in hot spots like Samar and Leyte in

the Visayas and Cotabato and Davao in Mindanao where they are most needed to help combat insurgency and other forms of lawlessness.

Moves for the pullout of the marines were intensified following the killing of Jesse Rafael, top NPA leader in Bataan, and three henchmen during an encounter with the marines in a place near the Abucay townhall.

Abucay and Samal are said to be the hometowns of most of the key figures of the New People's Army in Bataan. The military tagged these towns as two of the five hotbeds of NPA sympathizers. The three others are Orion, Orani and Morong.

KKK LOANS CORNERED BY RICH

Manila BULLETIN TODAY in English 23 May 82 p 23

[Article by Casiano A. Navarro, Jr.]

[Text]

**CAGAYAN DE ORO CITY** — Concerned citizens, including regional directors have appealed to the authorities to give the poor an equal opportunity with rich, in the race for seed capital under the Kilusang Kabuhayan at Kaunlaran (KKK).

At the same time, bureau regional heads who requested anonymity warned that unless the poor are given priority in the grant of collateral-less loans, the intended beneficiaries might not be able to avail of the opportunities to find livelihood for themselves.

This reaction surfaced during the visit here of Prime Minister Cesar E. A. Virata who had a series of dialogues with the people

of southern Philippines recently.

At the dialogue, Virata handed to former constitutional convention delegate Luis Lorenzo, a check worth more than P3 million, as seed capital release for the latter's KKK-oriented sericulture project.

As proposed, the project, envisioned to produce export quality silk is expected to employ some 30 individuals. It is also expected to spend some P17 millions for its initial operations.

Bukidnon Gov. Carlos O. Fortich, chairman of the regional development council, also announced in the dialogue that a loan application for some P32 million to finance a piggery and another

application for the establishment of a P18 million lime crushing plant in Manolo Fortich town have been approved. This will bring to a total of P67 million KKK's financial exposure in Bukidnon.

The regional directors however lamented that most of the incorporators of these KKK endeavours already approved, are the rich ones, while the applications of the poor still have to be acted upon.

All the three KKK projects already financed by the government are expected to benefit only 300 persons. The incorporators are rich and will be the only ones who will share in the profits.

LEYTE, SAMAR IRRIGATION SYSTEMS CONSTRUCTED

Manila BULLETIN TODAY in English 21 May 82 p 18

[Article by R.S. Movido]

[Text]

TACLOBAN CITY

The national irrigation administration has built 410 communal irrigation systems in Leyte and Samar to promote the food production program of the government.

The irrigation network has a total project cost of over P28 million and will serve some 32,000 hectares of agricultural land with a productive potentials of 3.2 million cavans of palay yearly.

Regional Director Manuel Salazar said the program of NIA under the stewardship of Administrator Fiorello Estuar is to establish more communal irrigation projects in Leyte and other parts of the country.

The regional official has adopted a systematic management policy

to maximize the utilization of funds for the different projects to ensure the completion of construction work on time and at less expense to the government.

Ebenezer De Pano, engineering division chief, said the communal irrigation projects constructed included also those in Central Visayas which is under the regional office here.

De Pano said the regional director has sought an increase in the budget ceiling for the region on the basis of its impressive performance by completing irrigation projects in Central Visayas by 100 per cent and Eastern Visayas 94 per cent.

The accomplishments attained by the NIA was attributed

also to the proper management and maintenance of some 491 heavy and light construction equipment by Manuel Arce, regional equipment engineer.

Lulu Palencia, president of the Tacloban news media representing the Leyte press-radio organization, said the present projects being undertaken by Director Salazar would promote economic prosperity to the farmers of Leyte and Samar.

The press club president said the program of the Leyte provincial government is being supported by NIA and other agencies to improve further the socioeconomic standards of the Waray people who are now enjoying a better life compared to inhabitants of other regions.

# PHILIPPINES LOSING COMPUTER SPECIALISTS

Manila BULLETIN TODAY in English 21 May 82 p 10

[Article by Rod L. Villa, Jr.]

[Text]

Computer talents are being sucked out of the country by the Middle East and other richer nations to a point there is not one Filipino computer specialist here today, a top education official said yesterday.

"This may seem unbelievable but the few Filipino computer specialists of international standard have gone away," rued Dr. William Torres, head of the newly established Network for Integrated Computer Education (NICE).

Torres, who is also vice president of the Development Academy of the Philippines, called upon the private industries, the educational system, and the government to close

ranks in filling what he called "this critical gap in the development of the country."

So strong is the demand that students taking up electronic data programming (EDP), the basic computer course, are being lured away as fast as they graduate, Torres said.

He said that available manpower, totalling some 30,000, acquired skills only to the level of programmers and analysts and the few specialists are gone.

He urged a crash program to focus national education on logic, mathematics, algorithm, and similar courses in high technologies to equip students in coping with

the computer age.

"So much attention has been wasted on non-productive and ornamental subjects when it takes so little doing, with the innate talent and high literacy of the people, to leap from mat and basket weaving to microprocessor or 'chip' production," Torres said.

President Marcos recently approved the implementation of NICE to harmonize the various sectors in the mass education on computer systems.

Torres said the dearth of computer experts has given rise to embarrassing situations, such as computer specialists rating salaries higher than their employers and top corporate officials.

## INTEGRATION OF MUSLIM, PUBLIC SCHOOLS SOUGHT

Manila BULLETIN TODAY in English 24 May 82 pp 1,

[Article by Rod L. Villa, Jr.]

[Text]

The integration of the Islamic and public educational systems will be discussed during a three-day meeting of public school officials and their Muslim counterparts which starts today in Zamboanga city.

The proposal is intended to hasten assimilation efforts in the Southern Philippines.

Education Minister Onofre D. Corpuz will lead state educators in conferring with over 100 ulamahs, ustadzs, gurus, and other Muslim intellectuals about the integration of the public school system with the madrasah, the traditional Islamic education.

Corpuz will be assisted by Deputy Ministers Abraham I. Felipe and Hermenegildo C. Dumlao, Director Minda C. Sutaria of the bureau of elementary education, and other MEC regional officials.

Representing the Muslim educators are

Minister Romulo Espaldon of Muslim affairs, his deputy Dr Michael Mastura, Director Nunggo Pahm of Region 12, and Chancellor Salipada Tamano of the King Faizal Center for Arabic and Islamic Studies.

The Muslim educators have blamed previous education leaders for failing to take proper approaches in inculcating among Muslims allegiance to the government and a feeling of unity and brotherhood with their Christian brothers.

They also found fault in the Madrasah for its fixation of Islam as a creed, giving rise to expectations not of financial or social reward but desires to study and stay in Muslim countries in Southeast Asia and the Middle East.

Although earliest studies to integrate the two systems were initiated by the Fund for Assistance to Private Education as early as 1972, the move did not materialize until the recent visit to Saudi

Arabia of President Marcos.

Studies showed that while public schools were in a better position because these were funded by the state, they failed to penetrate the Muslim citizenry.



The madrasah schools, introduced here many years ago by Arab missionaries, have on the other hand increased dramatically despite financial constraints. Funds were generated mainly by wealthy Muslim families, assistance by Mideast nations and ₱30 tuition fee.

CSO: 4220/12

# ILOILO INFRASTRUCTURE CONSTRUCTION

Manila BULLETIN TODAY in English 20 May 82 p 19

[Text] ILOILO CITY — Some P1.5-billion worth of infrastructure projects like roads, bridges, water supplies, school buildings, ports, flood control and drainage, hospitals and health centers, etc. are being constructed in Western Visayas comprising Iloilo, Capiz, Aklan, Antique, Negros Occidental provinces including Guimaras subprovince, it was announced by MPWH regional director Rodolfo Lataquin.

Among these major projects are:

The P278-million commercial port complex rising on a 10-hectare reclaimed area for the sea located in La Paz district, Iloilo city. Target date of completion is March, 1985.

The P186-million

Fishing Port in Molo district, Iloilo city.

Viejo (Iloilo) road expected to be opened to traffic on May 31, 1983.

The Passi (Iloilo)-Dumarao-Dao(Capiz) road worth P90.7 million. Target date of completion is August 17, 1983.

The P11.2-million Passi-Calinog(Iloilo) road undergoing widening and improvement expected to be finished on Dec. 27, 1982.

The P136-million Bacolod-Kabankalan (Negros Occidental) highway.

The Bacolod-North improvement project to Escalante estimated to cost some P100 million. Although the price is still undergoing negotiations, work has already started.

The La Castellana-Isabela-Hinigaran-Bago-Talisay-Concepcion-Sumag-Abuanan road projects worth a total of P43.2 million all over Negros Occidental.

The P50-million PRIP Barangay projects on going in Antique province.

The 33-million Port project in Roxas city (Capiz), Dumaguait port (Aklan), San Jose de Buenavista (Antique) port, Naluyan, Dumangas and Estancia ports both in Iloilo province.

The P400-million allotted for school buildings, water supply, hospitals and health centers, flood control and drainage, bridges and others all over Western Visayas region. (Ruben C. Guevarra)

CSO: 4220/3

## PHILIPPINES

### BRIEFS

ADDITIONAL WORKERS NEEDED--Some 4,000 Filipino workers are needed in three giant development projects, two in Papua, New Guinea and one in Kota Kinabalu, Malaysia, Engr. Roger L. Rivera, Sr., president and chairman of the board of Petroland Resources and Development corporation announced. Rivera said that the workers, who are needed for the first year of operations of the projects will leave for New Guinea as soon as their "exit permits" are released by the Ministry of Labor and Employment. The development projects in New Guinea cover some 106,000 hectares of timberland located in Magarida, Papua, owned by the Magi-Wopten Development company, a Papuan firm and PRDC business partner. The PRDC will provide the funds and the technical manpower requirements of the joint venture which will also undertake large scale logging operations and massive production of plywood. Part of the development program is the construction of big agro-industrial enterprises. Meanwhile, Rivera is leaving today for Sabah to clinch negotiations for another huge construction deal with the Halim Construction company of Malaysia which calls for the development of about 200,000 raw land in Sabah into a modern community and the construction of about 40,000 low-cost housing units, a 22-storey-first class-200-room hotel in Kota Kinabalu. [Text] [Manila BULLETIN TODAY in English 24 May 82 p 13]

CSO: 4220/12

TERMS FOR LSSP-SLFP ALLIANCE GIVEN

Colombo THE ISLAND in English 13 May 82 p 2

[Article by I.S. Perera]

[Text]

Dr. Colvin R. de Silva leader of the LSSP said that his party had not yet decided to join hands with the Sri Lanka Freedom Party (S) to form a United Front to defeat the United National Party. Only his comrade Anil Moonesinghe had joined Mrs. Srimavo Bandaranaike's Group. There was secret behind this.

He was addressing the LSSP Youth League representatives of the Kalutara District at Waskaduwa in the Kalutara electorate.

Dr. Silva before the 1977 general elections, a majority of LSSP MPs came from the Kalutara district.

If the SLFP was prepared not to nominate candidates to this district to contest with the LSSP he was ready to join hands with the Sri Lanka Freedom Party of Mrs. Bandaranaike to form a United Front to contest the 1983 election to defeat the UNP. Otherwise we cannot accede to Mr. Bandaranaike's request.

Dr. Silva, explaining the current political situation, stated that there were conflicts among politicians but the LSSP was not a party that will sell the workers to the reactionaries.

Dr. Silva added that the LSSP Youth Leagues must be prepared to accept the challenge of selecting LSSP candidates to control an election.

Many Youth League officials also addressed the meeting.

CSO: 4220/8

## OPPOSITION PARTIES RESOLVE DIFFERENCES

Islamabad THE MUSLIM in English 12 May 82 p 5

[Article by Mallika Waniga Sundara]

[Text]

COLOMBO: The wheel has come full circle and the expected has happened. Former Prime Minister Sirimavo Bandaranaike and her "rebel" son, Anura, have reconciled, leading to the reunification of the Sri Lanka Freedom Party (SLFP), the country's largest opposition party.

Meanwhile, erstwhile political bedfellows, Maitripala Senanayake and Anura, have parted ways with the attendant recriminations. They are slinging mud at each other while their diehard supporters are smearing cowdung at each other's political posters.

Mr. Senanayake and Anura formed a breakaway SLFP faction last year over political differences with Mrs. Bandaranaike. The two factions were known as SLFP (M) after Maitripala and SLFP (S) after Mrs. Bandaranaike's first name, Sirimavo. The party was founded by her husband, the late Prime Minister SWRD Bandaranaike.

The SLFP (M) outdid itself in pyrotechnics at the concluding stages of the battle for unity. Mr. Senanayake suspended deputy Anura and nine other followers while the young Bandaranaike, in turn, suspended him from the post of party president.

But the cracks within the SLFP (M) were already visible when the newspapers reported that private talks were going on between the Bandaranaises for party unity. Mr. Senanayake did not participate in these talks and later accused Anura of deliberately keeping him in the dark on the negotiations.

As the facts unfolded, Mr. Senanayake said: "If the mother likes to take back her son she could do so, but I would have none of it because I am not prepared to betray the party."

Another political complication arose when Mrs. Bandaranaike visited India, ostensibly on a pilgrimage which was widely covered by the Indian press. Some observers even interpreted the visit as an attempt by Mrs. Bandaranaike to seek the mediation of Prime Minister Indira Gandhi.

Then while the question was being asked whether Anura would ditch Mr. Senanayake, mother and son announced that the two factions were reuniting under the indisputable leadership of Mrs. Bandaranaike. Mr. Senanayake was thus presented with a *fait accompli*, causing one leading newspaper to publish the comment of a member of the ruling United National Party (UNP) that the Bandaranaises "will bury the hatchet on Maitripala's head leaving the party like the tribe that lost its head."

The unity resolution was spearheaded by Anura at one of the stormiest meetings of SLFP (M). Angry words, vile abuse and flying missiles provided the backdrop as the resolution was approved by a 10-7 vote. Not surprisingly, Mr. Senanayake voted "No."

Policemen posted outside the SLFP (M) headquarters said that the noise inside was terrible. Surprise defections from the Senanayake camp to the Anura fold added to the excitement of the day. Anura then summoned the 500-strong All Island Working

Committee of the party at his ancestral home in Horagolla where the members unanimously ratified the resolution.

But the legal complexities are not quite over yet. Competent observers said that in taking over the SLFP leadership, Mrs. Bandaranaike will cause problems for the party. The former prime minister has been deprived of her civic rights following her conviction in court of abuses while the SLFP was in power.

The legality of the party during an election is at stake. The Government has enacted laws which debar her from canvassing, or taking any part in any electioneering activities. If it could be proved that she did so, the candidate runs the risk of being unseated after an election protest. With her as president, SLFP candidates thus run the risk of being disqualified en masse under the present Parliamentary Elections Act of 1981.

But Anura earlier announced that should his mother's presence as party president would create problems for SLFP, he would resign. It would follow then that Anura would become president.

In Parliament itself there is another problem which puts Mr. Senanayake again in a bad light. When the two factions split last year the SLFP (S) informed Parliament that four MPs Messrs. Senanayake, Anura, Nalim Ishak and R.P. Wijesiri have been expelled from the party.

Under the present law, when an MP is expelled from a party he runs the risk of being expelled from Parliament, too, though not automatically. If he does not seek redress in the Supreme Court a select committee of Parliament inquires into the circumstances under which the expulsion took place. The committee then recommends to Parliament whether the MP should be expelled or not. Right now a select committee is going through this exercise in the case of the four expelled MPs.

But now Anura has gone back to the SLFP (S); so Parliament will have to be duly informed. Mrs. Bandaranaike has consistently said that she cannot take back Mr. Senanayake and some others. Into this muddle must be thrown the problem of ownership of the party headquarters. It is now in the possession of Mr. Senanayake who has locked it up and requested police guards. Anura and Basil Rajapakse, former SLFP (M) general secretary, are, however, seeking court permission to enter the building from which they are debarred.

Meanwhile, President Jayewardene has declared 1982 an election year, which could mean the start of the campaign period prior to the May 1983 polls. But every once in a while, political gossip floats the possibility of a snap election sometime this year. There are also other predictions that a presidential election would be held towards the end of this year as a prelude to next year's polls. As to how true these are, is still anybody's guess.—  
*Depthnews Asia*

TULF OPPOSITION IDENTIFIED

Colombo THE ISLAND in English 17 May 82 p 2

[Text]

At a conference held by representatives of six political movements in the North, in a private house at Nelliady, unanimity was reached that the TULF should be opposed and exposed at the next General Elections for its 'volte-face' which amounts to a breach of trust of the Tamils.

But there was difference of opinion among the participants as to whether the Tamils should boycott the next Parliamentary elections. Those who participated in the discussions were representatives of the Tamil Eelam Liberation Front, Tamil Self-rule Party, Tamil Eelam Liberation Party, Jaffna University Student's Union, Tamil People's Democratic Front and the 'Truth will Triumph' Movement.

Those who contended that the Tamil people as a whole boycott the next hustings argued that since the Tamil Eelam has already been

unilaterally declared in the United States, there is neither sense nor logic in Tamil representatives being elected to the Parliament in Kotte. Further, they add that such a boycott on a massive scale will demonstrate to the world the cause espoused by the Tamils.

But Mr. V. Navarathnam, former M.P. for Kayts and President of the Self-rule Party argued that we should make the optimum use of the Parliamentary forum to put across the demands of the Tamils, so that the attention of the other countries may be drawn towards the Tamil.

Since no unanimity was reached on the question of boycott, it was decided to have further rounds of talk.

Dr. S. A. Dharmalingam, a former Mayor of Jaffna and Mr. K. Jeyakody, ex-M.P. for Udupiddy also participated.

CSO: 4220/8

## LONG TERM CREDIT FROM BONN

Colombo THE ISLAND in English 7 May 82 p 2

[Text] Bonn--The Federal Republic of Germany's developmental aid to Sri Lanka this year will continue to give top priority to the expansion of food production and modernisation of the railway system on the island.

This has been agreed upon between the two countries at the three-day inter-governmental negotiations just concluded here.

Other main areas of co-operation will be hydro-electric power generation, promotion of basic school education in the hilly areas of Sri Lanka, technical and vocational training and meeting of other basic needs.

During the negotiations, the Bonn government announced that it give Sri Lanka DM. 37.5 million in long-term credit and technical assistance this year.

Mr. Ackiel Mohammed, Deputy Director of the Department of External Resources, Colombo, who led the Sri Lankan delegation, said in an interview that his delegation was quite satisfied with the outcome of the negotiations. He noted that the Federal Republic of Germany will continue its assistance in 1982 for increasing Sri Lanka's agricultural production through efforts to improve the supply of fertilizers.

At present, supply of fertilizers is severely hampered by disruptions in the railway network, caused mainly by defective railway bridges. Therefore, the Federal Republic of

Germany and Sri Lanka have agreed to make the railway workshop of the state railways in Colombo more efficient with German assistance so that repair works could be carried out without any foreign assistance. The Federal Republic of Germany will also provide intensive training to the workshop personnel besides strengthening the management of the Sri Lankan railways with the assistance of a group of German advisers.

Last year, the Bonn government had earmarked DM. 7 million for the purchase of railway wagons for transporting fertilizer throughout the island. A fertilizer factory, financed by the German government, went on stream in January.

The Federal Republic of Germany also agreed to cooperate in efforts to remove effluence from one of the two paper mills set up on the island with its assistance some years ago and committed DM. 6 million for this purpose, Mr. Mohammed said.

Another new project to be taken up this year will be the promotion of basic school education of the Tamil population in the highlands of Sri

Lanka. The project seeks to improve preliminary and higher education, equipment of schools with the minimum requirement of the classes and educating parents about the necessity of basic education for their children.

Mr. Mohammed said the Bonn government was satisfied with progress in the preparation for the Randenigala hydro-electric-cum-irrigation project which forms part of the giant Mahaweli scheme. The Federal Republic of Germany which is the only foreign participant in the Randenigala project had earmarked DM. 400 million for the project in 1979. Work on the project is scheduled to start in September.

The Federal Republic of Germany accepted a proposal by Sri Lanka to make a survey of the hydro-electric potential of the island and agreed to take it up in 1983.

The Sri Lankan delegation included Mr. C. R. Kurup, Chairman of the Fertilizer Corporation, Colombo, Mr. Veera Surya, General Manager of the Sri Lankan Railways, Colombo and Mr. A. G. Dharmawardena, Economic Counsellor at the Sri Lankan Embassy in Bonn.

The Bonn delegation was led by Dr. Willy Ehmann, head of the regional division for Asia in the Federal Ministry for Economic Cooperation in Bonn.— (INP)



CENSUS SHOWS MORE UNEMPLOYMENT

Colombo THE ISLAND in English 19 May 82 p 1

[Article by Ravindran Casinader]

[Text]

The absence of the unemployment statistics in the 10 per cent sample study of the 1981 Census released by the Department of Census and Statistics a few weeks ago has led to speculation among economists whether or not unemployment has increased.

'The Island' understands that the 10 per cent sample study of the Census has revealed that unemployment today stands at 22 per cent.

The Director of Census and Statistics Mr. W. A. S. Peiris, when contacted by 'The Island', said that the Department had not released the unemployment figures because of a distortion which appeared to have been created by the increase in the number of women in search of jobs, especially in the Middle East and Free Trade Zone, during the past few years.

Unemployment has been defined as 'those who wish to work and are capable of working, but have no jobs'.

Mr. Peiris said that unlike in the past, when women were content with unpaid household duties, more women today were looking out for employment, and therefore, might fall into the category of 'unemployed', thus, creating an impression that there were more persons unemployed in the country today.

The unemployment figures would be released after the entire tabulation of the Census was completed, he said.

CSO: 4220/8

## STATISTICS MISLEADING ON ECONOMIC CONDITION

Colombo THE ISLAND in English 19 May 82 p 4

[Article by Chandrakanthi Dharmadasa]

[Text]

The increase in the Gross Domestic Product of a country is not considered a valid indication of the prosperity of the nation. This is so not only because the statistics tend to be erroneous, but also because the GDP could increase without offering a higher standard of living to the people.

However, the growth rates have to be taken as a measurement of economic development for want of a better and regular way of assessing economic development.

The information regarding the GNP and Per Capita income as it is given in the Central Bank report is disappointing. The Gross Domestic Product retained the same growth level of 5.8 per cent, the rate achieved in 1980 but the growth rate of the Gross National Product and Per Capita income proved to be a continuation of a downward trend.

The impressive high growth rate of 8.8 per cent in 1978 showed a gradual decline in the following years, with the GNP growth rate declining to 6.4 per cent in 1979, 5.6 in 1980 and 4.2 in 1981.

The corresponding decline in the growth of per capita income was 2.4 per cent in 1981 from 6.8 per cent in 1978. The decline in the GNP, while the GDP remained at the same level was the result of a larger outflow.

Income in the form of interests, profits and dividends in 1981, according to the Central Bank Annual Report.

The growth oriented policies introduced during the last few years added to the growth of the total income, but a large slice of this has been filtered out of the country.

It remains to be seen, whether this trend will change in the future, in a way possible to retain a better part of the income within the country or the large scale foreign investment and expertise in the country would continue to enhance the outflow.

Even a high level of national income and per capita income could be a mere pleasing game of statistics. The income level of a country could increase without incurring benefits to all sections of the society. The income which is divided by the population may be the income concentrated in the hands of a few, while the living conditions of the majority have deteriorated. Therefore the true prosperity of the people could be ascertained only by an exercise such as a socio-economic survey.

Taking a glance at the major growth areas in 1981, some sectors such as construction, trade and banking which were in the forefront soon after liberalisation, took a backward step in 1981. The construction sector which benefited most recorded a growth rate of 28.3 per cent in 1978 which was the highest growth rate for any sector. This declined gradually to 20.9 per cent in 1979 and 11.0 per cent in 1980, and finally a negative growth of 3 per cent was recorded last year. The Central Bank report has attributed this decline to restricted credit and pruning of government expenditure in 1981.

The emphasis has been on the development of the agriculture sector, as Sri Lanka is mainly an agricultural country. Growth directed towards this end proved fruitful in 1981, with the agricultural sector taking the lead last year.

It contributed a 35.5 per cent to the GDP which was a considerable proportion compared with only 10.6 per cent contribution in 1980. The increased activity of the manufacturing sector was based on the processing of export crops.

This reveals the importance of the improvement of the export plantation sector, as it could enhance the activity of the industrial sector in a country such as Sri Lanka, where the plantations could be the base.

The old problem of deteriorating terms of trade is still a major problem for Sri Lanka. The terms of trade according to 1978 standards has come down to 46 in 1981 from 58 in 1980. This is based on the calculations of 1978 after making adjustments for the difference in the exchange rate.

The declining prices of our exports, in the face of increasing cost of imports resulted in a loss of Rs. 1406 million in 1981.

The problem of deteriorating terms of trade brings into focus certain problems in the domestic front.

Low prices fetched by the exports are likely to discourage the exporters, and therefore adjustments have to be made in the export duty structure to retain the enthusiasm of the exporters by way of making provision to obtain a reasonable price for their export products.

This necessitates reduced

export duties or in the alternative a further depreciation of the rupee value, both which could force other problems. Export duty is a major income source of the government, while a depreciation of the rupee value though an encouragement to the producer create many other problems.

Another noteworthy feature of the economy in 1981 was the increase in domestic savings. The gross domestic savings, as well as savings as a ratio of the GDP increased last year. Though the ratio of savings as a percentage of the GDP, is below the impressive level of 18.4 per cent reached in 1977, there was an increase in 1981, to 12.3 per cent from its 11.2 per cent in 1980. The total domestic savings increased from Rs. 7.4 million in 1980 to Rs. 10.5 billion in 1981.

The unfortunate side of the savings is that the savings are not transferred as investment as the theory goes. There is a large gap between savings and investment, and this part is generally spent on import of goods and services. Which are basically for consumption.

A considerable amount of our savings are remittances from Sri Lankans abroad and this part is the most vulnerable towards consumer imports. The result is a heavy reliance on foreign finances to finance the investment programme, in the absence of adequate domestic savings which could be mobilised for investment.

The massive budget deficit of Rs.

21 billion, as a percentage of the GDP showed a decline. The budget deficit of Rs. 14 billion in 1980 was a 24 per cent of the GDP, while the deficit of 1981 was only 17 per cent of the GDP. The income increased by 15 per cent while the expenditure increased by 3 per cent. The reliance on the bank financing also reduced from 11 per cent of the GDP in 1980 to 5 per cent of the GDP in 1981.

However, as there was no increase in the government savings to finance the capital expenditure the current account deficit increased in 1981. The massive investment programme which has to be financed in return has increased the budgetary gap.

In this situation although the reliance on the banking system has been reduced, dependence on foreign assistance has been further increased.

The assistance from non-banking and rebanking sources abroad which carry high international interest rates have posed the problem of increasing heavy debt service ratios.

Another area worthy of special attention is the tax system, the low income received through this source, owing to the poor enforcement of tax laws or to a large number of concessions granted, has forced the government to make a number of changes, preventing the enforcement of a stable tax system with reasonable tax. The end result of all this has been more indirect tax which adds to the cost of living.

## EXTERNAL ASSETS RISE

Colombo THE ISLAND in English 17 May 82 p 4

[Text]

The Gross External Assets of Sri Lanka showed an improvement in 1981 but the net external assets showed a decline of Rs. 406 million.

The increase in the external assets last year was 42 per cent while the external resource gap widened by 46 per cent.

Foreign earnings in 1981 amounted to Rs. 30,658 million and the foreign payments shot up to Rs 56,611 million.

According to Central Bank statistics the external resource gap was mainly financed by capital flows. The capital inflows included foreign borrowings and direct foreign investments. Among the recent changes in the capital inflow pattern the most significant was the growth of commercial credit since 1980. The government departments, public corporations and private sector enterprises relied on commercial loans to finance their imports. The major importers in this

category who resorted to commercial borrowings were Air Lanka, Cement Corporation and Shipping Corporation. The commercial loans carry high interest rates.

The total external debt at the end of 1981 was Rs. 34,824.1 million compared with Rs. 25,821.1 million in 1980. The Debt Service Ratio as a percentage of exports which showed a favourable decline from its high percentage of 16.0 in 1977, recorded an increase in 1981. It was 12.4 per cent in 1980 and 13.4 per cent in 1981.

The growth of exports in 1981 was encouraging, as it was much faster than the growth of imports but the export growth was not sufficient to finance the import bill. Despite a remarkable 10 per cent lowering of the trade deficit, the total deficit was Rs. 14,666 million. The loss occurred to the country as a result of deteriorating terms of trade was Rs. 1,406 million.

CSO: 4220/8

## LACK OF SECURITY AT POWER INSTALLATIONS

Colombo THE ISLAND in English 10 May 82 p 1

[Article by Ranjan Joseph]

[Text]

Bureaucratic lethargy has delayed the implementation of vital security measures at Kelanitissa and the other seven hydro-power stations and the grid sub-stations. These measures had been recommended to the Ceylon Electricity Board by President J.R. Jayewardene as Minister of Power and Energy as far back as November last year.

The President had instructed that barbed wire fences around power stations and grid sub-stations must be replaced by high walls and well-sited watch-towers. Except for ad hoc designs being occasionally submitted to the Ministry of Power and Energy when progress reports are called for, no civil construction has yet got off the ground, a senior official of the Ministry told 'The Island'.

While the bureaucracy crawls on the job, an estimated Rs.10,000 million worth of electrical installations lies wide open to attack by potential saboteurs.

The 'Sunday Island' of April 25, reported that 3 unknown youths had been arrested on the premises of the Kelanitissa Power Station in the early hours of the morning with attack-stopper hand-bombs. Even the Grandpass Police, who made

the arrests had been shocked at the lack of security at this nerve-centre of electricity generation.

The country's entire thermal electricity needs and more than one-third of the hydro-electricity requirements are met by the Kelanitissa Power Station.

Further investigations by 'The Island' last week revealed that shanties occupying the valley between the barbed-wire fence of this power station and the main road still pose a security threat. These dwellings are so close to the barbed-wire fence that one needs only a plier to 'cut his way' into the power station.

Another measure suggested by the President was that all workers at power stations and grid sub-stations throughout the country must carry identity cards. According to the Ministry of Power and Energy, this requirement is not strictly enforced today.

The General Manager of the Ceylon Electricity Board when asked what additional steps were taken at Kelanitissa after the detection of hand-bomb carrying youths, said that although security had been strengthened, it had limitations. He said that there were

workers' quarters on the premises and security men could not refuse entry to anyone who claimed to be a relative of these workers.

A senior official of the Ministry of Power and Energy, however, held a different view. He said that living quarters could be cordoned off with a separate entry-gate because there were no quarters between the thermal and steam turbines. According to the Ministry official 'there should be no loop-holes in security enforcement at as vital a place as a power station. In fact, it would be a good thing if the C.E.B. strictly enforced the rule that power stations and grid sub-stations are completely 'out-of-bounds' for civilians, as in other countries. Only personnel with identity cards on them must be permitted entry and nobody should be allowed 'to see friends on the power station complex as a security precaution', this official suggested.

He urged that the Government would have to speed up its bureaucratic machinery or else the exposure of electrical plants to potential saboteurs is an ever increasing possibility.

# BETTER TREATMENT FOR PLANTATION WORKERS

Colombo THE ISLAND in English 17 May 82 p 2

[Text]

The economy of the country depended on the foreign rule and also after Sri Lanka became a free nation. Yet the plantation community was a neglected lot. They had been under-going great hardships without proper housing, clothing, medical and educational facilities and above all they had also lost their political rights and remain a "stateless community".

Mr. T. Aiyadurai, President of the National Workers Union said so addressing a large crowd at the Nuwara Eliya Maskeliya electorate May Day celebrations held at Maskeliya Public Play Grounds organised by National Workers Union up-country region. Was this the kindness the government was showing the poor labourers for shedding their sweat and blood to improve the country, he asked.

He said someone who called himself the representative of the 10 lakhs of Tamils of Indian origin in the up-country plantations was privileged to be in the Cabinet, yet, be remained silent when the question of wage increment for the plantations workers came up. But he want all out to increase the salary of all employees in the National Milk Board, under his Ministry by nearly 40 percent amounting to Rs. 177 And the poor estate workers were given a rise of Rs. 2 only. When he was questioned about the wage

increases the reply he gave was that the Labour Minister had to be approached for discussions.

Mr. Aiyadurai said unless the workers were satisfied, paid a fair wage and looked after the democratic progress of the nation would face setbacks and the development projects would be retarded. This Union demanded a monthly salary for the plantation workers-but the government felt that estates would run at a loss if that was granted.

If the estates were well managed the plantation sector would bring in bigger profits as it did before the estate take-over period.

The estates were now running at a loss, because the superintendents and their stooges were not interested in managing the estates at a profit. They were only interested in making a profit for themselves. All the planters were engaged in robbing the estates. Many superintendents did not even know the boundaries of their plantation nor had they visited the fields which was one of the fundamental duties of a planter. Estate labour was engaged in their private poultry and dairy farms.

As long as the workers were exploited no government could forge ahead in the process of nation building, he said.

The General Secretary of the N.W.U. Mr. P. V. Kandiah and the Treasurer, Mr. P. Perumal also spoke.

## THAILAND

### U.S. EFFORTS ON 'YELLOW RAIN' SAID TO BE MADE FOR OWN INTERESTS

Bangkok KHAO CHATURAT in Thai 17 May 82 pp 31, 32

[Article: "Yellow Rain -- News Released For the Benefits"]

[Excerpts] Yellow rain -- rumors that have spread around the world. Where do they come from? Things are close to us.

Only a few months after the American forces left Vietnam, large numbers of Hmongs from Laos flocked into Thailand. During the Indochina war, a number of the Hmongs had served as main forces under the direction of the CIA in Laos. When they reached Thailand, they told Thai officials and international organizations that Vietnam had sent aircraft to drop chemicals in the areas where they were living. The purpose of this charge was to attack the Lao, Kampuchean and Afganistan forces that have received support from the Soviet Union. Experts on poisonous substances have been sent to Thailand in order to check [the validity] of these reports. Besides this, they have provided Thai officials with information concerning the chemical weapons that Vietnam is using. There have continually been verbal reports that "hundreds of thousands of people have been killed by these poisonous substances. But Dr Thompson has stated that there is as yet no clear scientific evidence concerning this.

These stories concerning the use of poisonous substances to kill Hmongs come mostly from the Ban Winai refugee camp. It is well known that this camp is under the control of Hmongs who once served as soldiers for the CIA. And these people are probably still in close contact with the U.S. embassy in Bangkok. The data provided by the Hmong refugees have resulted in the entire world viewing Vietnam as if it were a fiend. This greatly benefits the Hmongs and the Khmer Rouge. In particular, this has completely covered up people's thoughts about the past barbaric actions of the Pol Pot group.

However, many scientists still doubt the charge by U.S. officials that chemical weapons using microtoxins, or "yellow rain," are being used in the war and that many people in Laos and Kampuchea have been killed by these weapons. One report says that a sample of an item believed to have been contaminated by yellow rain was sent to the United States and that the laboratory there found microtoxins in the sample, the level being 150 parts per 1 million. But tests conducted by a group of researchers at the University of Maryland

found that, normally, various items will contain chemical substances at a level of 200-300 parts per 1 million. They ran these tests using plants and leaves from Brazil. Thus, there is little doubt that U.S. intelligence officials, with the cooperation of the Hmongs, who were formerly soldiers "for freedom," will now try to find the "smoking gun," which they could use as an excuse to build new factories to produce chemical weapons or to exert pressure on Vietnam. This would also be a bargaining point with the Soviet Union in future nuclear arms reduction talks.

11943

CSO: 4207/96



## THAILAND

### MERCHANTS PROTEST TRADE BARS WITH SRV, PRK

Bangkok SIAM RAT in Thai 17 Apr 82 pp 1, 12

[Article: "Thai Merchants Experience Problems In Trading With Socialist Countries"]

[Text] The director-general of the Foreign Trade Department has expressed sympathy for the merchants concerning the matter of "trade with socialist countries." But they are experiencing problems concerning the "security policy." The Ministry of Commerce is being pressured and Thai merchants are raising a hue and cry. This is why foreign countries are making profits indirectly.

A report summarizing the trade problems with some socialist countries, particularly the three Indochinese countries, has been issued. Several groups of major Thai merchants are unhappy over the fact that the government is trying to implement trade barrier measures, especially [measures to block] the export of goods to Kampuchea and Vietnam. The government is citing "national security" policies to forbid the export of certain types of goods that the Security Council and the Ministry of Commerce have designated as war materials. But foreign merchants in Asean are carrying on trade by purchasing goods from Thailand and sending them directly to Vietnam and Kampuchea, and the Thai government cannot control this.

Concerning this, Mr Prachon Isarasena, the director-general of the Foreign Trade Department, Ministry of Commerce, told SIAM RAT that, in fact, the government, through the Ministry of Commerce, has not implemented any measures aimed at directly blocking trade with the socialist countries in Indochina. Just the opposite is true. It has tried to promote trade with countries such as Laos with a policy of having political relations. But concerning the trade problem involving certain types of goods, a problem that certain groups of merchants are unhappy about, this stems from the that the national security policies are fundamental and, in addition, the government has a policy of controlling trade in certain types of goods. The Ministry of Commerce once issued a regulation to control the possession, import and export of these types of goods, such as chemicals, oil, sugar and rice. Some of these goods are considered to be war materials or elements of war materials and they are necessary to the nation's economy.

The director-general of the Department of Foreign Trade also stated that the policies of the Thai government, especially the present government, are not intended to obstruct the trading activities of private businessmen and that merchants will be allowed to engage in trade freely, even with socialist countries. "But concerning certain countries, our security groups have a policy of taking special precautions. We would allow trade to be carried on freely with the socialist countries but because of security reasons, we have to see what the intentions of these countries are toward Thailand," stated Mr Phachon. He also said that "actually, concerning this, we sympathize with the merchants too. But for those who understand this, there is no problem. They accept this."

Furthermore, a high-level policy official in the Ministry of Commerce explained matters to SIAM RAT concerning the problem of trading with the socialist countries in Indochina, a problem that stems from the fact that certain merchants are presently making appeals through the mass media and through the people concerned. This official said that problems are being encountered because of having to use security policies in the export of [certain] goods. Thai officials are strict about the export of these goods because of the belief that they are goods that affect national security. But at the same time, merchants from other countries in Asean are purchasing these types of goods from Thailand and secretly sending them to Vietnam and Kampuchea. This is something that the ministry is very unhappy about. "But concerning this, it is difficult for us to explain matters because this concerns policies of the security sector, which has stated that this is a matter of security. There are certainly reasons that take precedence over principles. But who can see this problem," said the news source who explained things concerning this.

11943

CSO: 4207/96

## LAYOFFS, UNEMPLOYMENT PROJECTIONS DISCUSSED

Bangkok BANGKOK POST in English 11 May 82 p 8

[Article by Niphat Taptagaporn]

[Text]

**POLITICAL courage and economic sacrifices are needed by the Government to help many jobless Thais get work, Director of the Human Resources Institute Dr Chira Hongladarom said yesterday.**

The present unemployment situation in Thailand looks grim and the problem which will become critically more acute in the long run will require austere government measures to reduce the increasing rate of unemployed Thais, according to him.

Within five years, the number of unemployed will have increased many-fold because of the persistent recession in world economy which has serious consequences on Thailand's economy on the demand side of employment and the predicted high number of about 700,000 per year of new entrants to the labour force on the supply side.

Although Labour Department statistics indicate that as of last year there were about 260,000 unemployed Thais representing only one per cent of the total labour force of more than 22 million, Dr Chira is certain that these figures are unrealistic.

### CATEGORIES

Describing the present unemployment situation in Thailand, Dr Chira, also assistant professor of Thammasat University's Faculty of Economics, explained that unemployment can be divided into three categories: open unemployment, underemployment and seasonal employment.

Open unemployment concerns those who are jobless, which according to the 1981 statistics, total 260,000 persons throughout the country. Despite his belief that this figure is grossly underestimated, he thinks that the present situation of this category of unemployment is not yet a cause for alarm. Nevertheless, Dr Chira expressed concern over the recent trend of massive lay-offs of workers and a drop in labour demand

which he thinks will attribute to a much higher figure of open unemployment in the next few years.

Economic slack and the demand for a higher minimum wage are blamed for last year's 25,000 (a conservative estimate) workers being laid-off, the first four months of this year's more than 8,000 laid-off and the 1981 drop in labour demand by 44 per cent compared to the figure in 1980.

He said: "I don't think that last year's figure of 25,000 laid-off workers is realistic enough. I am inclined to think that more than 50,000 workers were laid off last year.

### CABINET

Dr Chira, whose specialisation is in ways to utilise Thailand's human resources, has called on the Government to pay

greater attention on averting the present situation of unemployment. In a fortnight's time, he will propose his measures, though short term solutions they may be, to the Cabinet for consideration.

"I've been requested by Dr Snoh Unakul (the Secretary General of National Economic and Social Development Board) to submit a report on the 'unemployment situation in Thailand.' He will present it to the economic ministers. My proposed measures are short term solutions to the unemployment problem be-

cause I believe that there are no long term solutions at the moment," he said.

On the more serious angle of unemployment, there are about six million underemployed workers who work less than 35 hours a week and earn income less than the prescribed minimum wage, and about three to four million people engaged in seasonal employment, usually in the agricultural sector, working only six months per year, according to him.

Because Thai economy has a concentration in agricultural activities, Dr Chira pointed out that full utilisation of its

human resources is vital to the economy.

But the present state of the rural economy is deteriorating to such an extent that the purchasing power of the farmers has been reduced and the farming activities and investment in farming have been retarded. Thus, according to him, demand for wage labourers declines at the expense of family labourers and this is why there has been a mass of rural workers migrating to the city in search of jobs which in turn, puts more pressure and burden on the urban areas.

## ECONOMY

"Traditionally, our agricultural sector has been absorbing our employment very well but this year in particular this absorptive ability will not work so well. The declining trend of the world economy has persisted longer than anticipated and is hurting the Thai economy because the demand for our agricultural products has dropped substantially.

"A drop in agricultural prices also leads to a substantial drop in farmers' incomes and thus to a decline in their purchas-

ing power. The point is that if workers cannot be absorbed in the agricultural sector, they have no choice but to try to find employment in urban areas, adding more pressure to the unemployment problem in Thailand," he said ruefully.

The outspoken assistant professor emphasised the importance of immediate attention from the Government to avert these problems of unemployment and said that the unemployment situation in Thailand is becoming a "hot issue."

"I fully realise the dilemma facing our Government because it lacks adequate budget to tackle this problem, but the Government must have political courage and must make some economic sacrifices. I'm of the opinion that if in order to ease the unemployment situation the Government must encounter a budget deficit, so be it," Dr Chira stated.

## MEASURES

In his proposed measures, he calls on the Government to seek ways and means to increase the export of agricultural

goods — specifically by ways of finding new markets as well as relaxing restrictions on exports.

The Government should relax the border trade restriction with Indochina. He said that Thailand is losing about 500 million baht per year for its trade ban with Indochina.

The Government should employ fiscal measures to promote employment by way of tax incentives in industries and firms and in order to prevent massive lay-offs, Dr Chira proposed that under the present economic condition labour leaders should not demand unreasonably higher wages from employers.

Workers should be encouraged to work abroad especially in the Middle East, he said. This measure does not only help alleviate the unemployment problem but also brings more foreign exchange into the country. For example, there are at present about 160,000 Thais working in the Middle East, remitting about 10,000 million baht to Thailand each year.

Dr Chira also proposes that Tambon projects should be continued and that the money must go to the most needed rural areas.

SAIYUT: MROU BOATS SHOOT FIRST IN DISPUTES WITH LPDR

Bangkok PHYA KHRUT in Thai 1 May 82 pp 1, 16

[Article: "Thai Mekong River Operations Unit Boat Sunk. The Unit Is Again Charged With Firing First. Second Army Area Unhappy"]

[Text] Concerning the matter of Laos firing on a MROU boat, the RAT CINC said that a meeting had been held to discuss the matter and that local responsibility had been stressed. The Second Army Area must cooperate with the navy to prevent this from happening again. Laos always reports that it was Thailand that fired first. We must, therefore, carry out things in strict accord with the policies.

General Saiyut Koetphon, the supreme commander, responded to reporters questions concerning yesterday's meeting of the Defense Council, which met to discuss the case of Laos firing on MROU boats. He said that, at the meeting, the navy explained what had happened concerning the MROU boat being fired on. At the conference, an attempt was made to stress local responsibility. To solve this problem, the Second Army Area will cooperate with the navy in order to prevent this from happening again.

In his statement to reporters at Supreme Command Headquarters this morning, General Saiyut said that it is his understanding that a local-level committee discussed and solved the problem in the first stage. As for the various decisions that must be made, the National Security Council will meet and stipulate things once again.

He was asked if it is true that each time this happens Laos reports that it was Thailand that fired first. The supreme commander said that this is what happens every time. Thus, we must have our officials follow the policies strictly. And Laos must act in accord with the policies to which they agreed so that things are fair for both sides.

The reporters asked whether the high-level Thai-Lao border committee would discuss things in order to solve the problem. The supreme commander said that this had been agreed on in principle and that there would have to be discussions. However, we will first have to wait and see what the results of the local-level discussions are before discussing the matter at a high echelon. This will probably take time.

In response to the question of whether closing the Thai-Lao border had been discussed at yesterday's Defense Council meeting, the supreme commander said that this was a matter for the National Security Council to discuss. As for whether Thailand will ask for any compensation for the damage, it is understood that, at present, the Ministry of Foreign Affairs has started to take action on this.

11943

CSO: 4207/96

HARDSHIP FORCES VILLAGERS TO FARM IN CPT ZONES

Bangkok PHYA KHRUT in Thai 16 Apr 82 pp 1, 2

[Article: "Thai Farmers Have Been Found to Be Working With the Communist Terrorists, Each Side Receiving a Half"]

[Text] An MP from Phitsanulok has said that, at present, farmers in areas bordering communist terrorist zones who have produced salt for a living for more than 100 years are just waiting to die because they have nothing to eat. They cannot sell their salt. They want to change occupations but there is no land to cultivate crops. Some people have had to go into the mountains to farm and divide [the yields] with the communist terrorists. This is very dangerous for the nation. The villagers have complained that the state is more interested in the refugee hill tribes than it is in the people of the country.

Mr Prathuong Sichanpricha, an MP from Phitsanulok and a member of the National Democracy Party, was interviewed by reporters on the morning of 15 April. He said that during a visit with the people of Ban Bo Po in Nakhon Thai District, Phitsanulok Province, which is a village where the people make a living by producing salt, an occupation that people here have engaged in for more than 100 years, and which is a communist terrorist zone, he was informed by the villagers that, at present, the people in this village cannot sell their salt. The MP from Phitsanulok also said that he knows that, prior to this, the villagers used to sell their salt to Laos for a good price. Later on after communications routes were improved, sea salt was sold here instead, and the people living here greatly preferred the sea salt since the price was much lower. At present, the villagers cannot sell their [local] salt even though they are selling it for 2 baht per kilogram.

Mr Prathuong also said that he met with the commander of the 314th Cavalry Battalion to discuss how to provide help. He was informed that, at present, some villagers have stopped producing salt and have gone to cultivate crops instead. But they cannot grow crops in this area and so some villagers have gone into the mountains to grow crops. There, they give half their yield to the communist terrorists. This is a very worrisome matter because the villagers may become enemies of the government officials and this will increase the strength of the communist terrorists.

Mr Prathuong stated that, concerning this problem, he has sent a note requesting help to the prime minister. It is expected that, initially, cheap rice will be sent to keep the villagers from starving. As for promoting occupations for these people, this will probably take time since the land here is not suitable for growing crops. And it is not possible to promote animal husbandry since livestock feed is very expensive. The MP from Phitsanulok said in conclusion that some villagers have criticized the government over its treatment of the various hill tribes that have migrated here to make a living, saying that the government has received them warmly and given them much help while the villagers have received very little attention.

11943

CSO: 4207/96



MEKONG BASIN DEVELOPMENT PROJECT DISCUSSED

Bangkok BANGKOK POST in English 9 May 82 p 6

[Interview with Bernt Bernander, executive agent for the Interim Committee for Coordination of Investigations of Lower Mekong basin, by Theh Chonghadikij, date and place not given]

[Text]

**THEH:** At one time there was a rumour that the Mekong project was on the verge of collapse. Is this true?

Bernander: I see little possibility of a collapse of this enterprise. As you know, an interim committee was formed in 1977. I think the intent of the countries in forming the interim committee was to ensure that the work on the Mekong did not stop. This will presumably be the position until we have a solution to the political difficulties in the region.

**Theh:** Are you referring to the financial problems or political solution? Are you getting more support now?

Bernander: We continue to get good financial support from donor countries and international agencies. You can single out the year 1981, when there was an additional US\$47 million allocated to our programme. This is twice the annual average amount we have been getting over the past 20 years.

**Theh:** Is this what you call a budget allocation?

Bernander: Not really. We talk in the Mekong Committee in terms of funds allocated for research, and project implementation and construction. We total up year by year what money is committed for the programme by donors as well as the participating governments. This is not a budget set up by the committee. Strictly speaking, the budget of the committee is only the budget of the Secretariat.

**Theh:** Are the countries which in the past were committed to the Mekong development still interested in this project? Are the different governments interested in these projects?

Bernander: The amount of funds which have gone into our projects has fluctuated widely throughout the committee's existence. Certainly, some countries have contributed more at one time or another. For example the United States which was earlier a large contributor has not been contributing to our projects since 1975. This is as a result of an act in the Congress which prohibits aid directly or indirectly, to projects in some of the countries in Southeast Asia.

**Theh:** At one time people have seen the cooperation on development of the resources of the Mekong project to be the only possible focus to bring about a solution to the political problems that you mentioned. Or to bring us together despite the political problems. What are your views?

Bernander: It is important to understand what the Mekong Committee Project is actually about. The project is to create institutionalised cooperation between countries of the lower Mekong Basin, a forum for mutual consultation, and for planning jointly the use of resources. In that sense, the Mekong project will not come to an

end. It will be a permanent feature involving economic cooperation in this region. Many international river organisations have been created during the past 30 years. It is in recognition of the fact that international rivers and lake basins pose special problems for development. Several countries are owners of the same resource, and to develop that resource they have to consult with each other. In a number of these river basins, development has lagged behind for the simple reason that the ownership is shared. To the extent that this consultation is active and leads to development, it is obvious that it also has its political implications and will tend to mitigate the differences that exist. The Mekong project in fact consists of a whole series of separate projects covering the tributaries and the mainstream. The mandate of the committee is to coordinate investigations, to undertake project preparation and feasibility studies, etc.

The implementation of projects is really up to the governments themselves but the committee does get into implementation as well because sometimes it suits both donors and recipients to have the committee play a certain role. For instance, we sometimes operate as an executing agency and provide the external inputs for the projects on behalf of the donors. Or we are given a reporting responsibility, a supervising responsibility in relation to that particular project. The Mekong Committee is a very flexible instrument in that it can be used by both donors and recipients in many ways. Our primary vocation is however to undertake studies and plan the use of resources.

**Theh: Are all members of the Committee meeting regularly?**

Bernander: Members of our committee meet three times a year. The chairmanship and the location is on a rotation basis. At one of these meetings we invite all the cooperating countries and agencies to this annual meeting. The other two meetings are internal working meetings.

**Theh: Which of the countries are represented?**

Bernander: In the Interim Committee, all the countries of the lower Mekong Basin are represented except Kampuchea. The rule of the committee is moreover that it should be unanimous. If one member is not represented then there is no quorum.

**Theh: Are you carrying on with the smaller projects?**

Bernander: Yes. We have 102 separate activities which are grouped in six sectors, all dealing with the use of water resources which are subdivided into about 25 sub-programmes. Some are regional programmes while others are more nationally oriented. It is sometimes a difficult distinction to make, to determine what is regional and what is primarily a national effort. Of course some projects are located in one country but in one way or another they tend to affect the region as a whole.

Tributary development is our focus in Thailand like the Hwai Mong, which is under implementation. For the Mun and the Chi, we have just completed a feasibility study for a major irrigation project which is estimated to cost some 2,400 million baht, and as a large tributary this affects the Mekong Basin as whole. We have also completed a feasibility study of the Nam Suai project, a typical flood control and irrigation project.

These tributaries are perennially flooded from the Mekong River into their own basins, so generally these projects require the establishment of a regulator at the river mouth to prevent floods from the Mekong entering the basin and to enable irrigation.

We have further constructed a pilot fish farm near Kalasin, with the Dutch providing the funding.

**Theh: What about the Pa Mong Dam project?**

Bernander: We have just completed the draft report on the financing and the organisation needed for the implementation of this huge multi-purpose project. This report goes into how ownership would be divided, how it would be managed, and financed. But in

order to proceed further there is also need for a treaty between countries concerned, in this case Laos and Thailand. This study also goes into the elevation of the dam which has not been finally decided. It is estimated to cost between \$2½ billion to \$4 billion. This project would be able to pay for itself in 10 years after start-up, but it would take 13 years to complete.

The prime benefits of this scheme for the various countries are complementary. For Thailand, it would be energy. For Laos it would be the income brought on from the sale of power. In the Delta, the fact that you would have a guaranteed low flow will have a major impact on agricultural development. Because of the fact that you can never tell exactly in the delta how low the flows will be, you cannot say how far the salt water from the sea will flow inland. If you have a stabilised low flow, then you know how far inland the salinity will occur. This minimises the risk for crop damage, and you can safely irrigate certain areas.

The lower the elevation of the dam the lesser resettlement you would have and you can exclude inundation of the Mong Valley, the Loei Valley as well as the Lik Valley in Laos. This would reduce the resettlement requirement by about three quarters.

**Theh: Do you find that at the meetings, Vietnam is participating in a cooperative manner?**

Bernander: Certainly. We of course only discuss technical matters at these meetings. A reference to Kampuchea is usually made in the opening statement but it does not crop up during the discussion itself.

Vietnam is represented by their Vice Minister of the Water Resources. The member for Laos is a former minister of Transport and Public Works, and is the current chairman of the Interim Committee. Thailand is represented by the Secretary-General of the National Energy Administration.

Without the political problems we would of course be able to make more headway. We could tackle with greater purpose the mainstream projects. In 1970 we produced an indicative plan for the basin which is due for revision now. It is however difficult to revise this plan without the involvement of the Kampucheans.

**Theh: How long has the Mekong Project been in existence? I remember Dr. Hart Schaaf was one of the first to be here, in your position.**

Bernander: The Mekong project was started in 1957.

**Theh: How long have you been with this project?**

Bernander: I came to Thailand in July, 1980.

**Theh: Do you think there has been much progress made since you took up office?**

Bernander: Certainly. I would like to say that I do see continued progress and good cooperation. The interests of the member states are not really competitive or conflicting in the way they can make use of these resources. Therefore, I think it has very good prospects.

On a more general note, I would like to say also that during the past 30 years we have witnessed the population issue, the environment issue, the energy issue and so forth.

In the 21st Century, people are more and more talking about the water crisis. Even in Thailand, which has abundant rainfall, there are

long term trends which point to future water shortages. We know about the supply problems for the Bangkok metropolitan area. So you can see that even with plenty of rain water there can be water shortages.

Then there are the semi-arid areas of the world where the water situation is already quite acute. These trends make it very important for countries sharing a river resource of this kind to really get into agreement on how it should be managed to the best effect for all the member states.

It is not always realised that about 40 per cent of the world's population live in international river and lake basins. This is a very complex issue. We had a meeting of international river and lake organisations a year ago in Senegal sponsored by the United Nations. Over 26 organisations were represented most of them of recent creations. There is no international law regarding the use of international river basins. A lot of work has been done to try to codify all the legal principles involved in treaties and international agreements about how to use international rivers effectively. The International Law Commission of the United Nations is working on this. After seven years of work they have only adopted provisionally five articles. This goes to show how long it takes. Like the Law of the Sea, it is very complicated.

The commission has even had difficulty in defining what is an "international water course system." The earlier definition that has been used has been the concept of the drainage basins. But this does not deal with items related to underground water movement or atmospheric humidity, and that is where even legal people get stuck.

## CONSTRUCTION WORKERS UNDERPAID, UNORGANIZED

Bangkok THE NATION REVIEW in English 10 May 82 p 6

[Text]

A JOINT survey by the Social Research Institute of Chulalongkorn University and Baan Thantawan shows that as many as 43 per cent of construction workers in Bangkok have been receiving less than the minimum wage of 61 baht a day.

But the number of the women workers given less than 61 baht a day was recorded at 82 per cent during the survey conducted shortly after the minimum wage enforced in October last year.

The findings, made public during a seminar at Chulalongkorn University over the weekend, attributed the low wage to the lack of bargaining power on the part of the workers who are mostly unskilled labourers.

Because of their frequent changes of the site of their work, the construction workers have no chance to form a union or even a group to struggle for their right, it said.

The Social Research Institute, Baan Thantawan and the Union for Civil Liberty spent six months between October 1981 and March 1982 in conducting the survey among 500 workers in eight sample areas.

The survey shows that there are more than 100,000 workers related to construction work in Bangkok and their number is on the rise.

It points out that 30 per cent of the workers, mostly migrants from rural areas, were living from hand to mouth and were also in debt.

But 69 per cent who can make ends meet cannot afford to save up any money.

Despite the fact that most of the workers are often exposed to dangers because of the nature of their work, as many as 75 per cent of them did not have any safety equipment.

At least 38 per cent of them claimed to have had accidents while working but 24 per cent were denied medical treatment and compensa-

tion.

While almost every worker and his or her family had to put up with deplorable living condition, 94 per cent of them had to pay for their own medical bills.

The survey shows that because of the time and financial pressure, 19 per cent of the workers worked without a holiday throughout the month while 39 per cent had only one day off a week.

The workers hardly had any entertainment because of financial restrictions and the need to rest after their tiring work.

According to the survey, women makes up 28 per cent of the work force in the construction industry but 80 per cent of them are unskilled labour.

Only a few companies were willing to allow women to take leave with pay during their pregnancy. There were cases in which women workers had to resume working only a few days after giving birth to a child, the survey said.

Natural disasters and bankruptcy were the main factors that drove farmers into the cities to search for manual jobs. Most of the construction workers were from the Central Plains where farming was not productive or after they went bankrupt.

On education, 56 per cent of the workers completed primary schooling (Pathom Four), it said.

## GASOHOL PROJECTS FACE DELAYS

Bangkok BANGKOK POST in English 13 May 82 p 21

[Text]

THE difficulties of obtaining soft financing and uncertainties of public acceptance and domestic demand for gasohol fuel are among major problems discouraging potential distillers from rapidly setting up production plants for this substitution source of energy.

This is the view given by Mr Ta-noo Vicharangsarn, secretary of the Thailand Power Alcohol Commission, in his prepared keynote address to the Fifth International Alcohol Symposium to be held in Auckland, New Zealand, starting today.

"A big problem of a venture in this field is finance," Mr Ta-noo says. "As most local investors want to build large size distilleries which require large amounts of investment, realisation of such projects is difficult without low-interest, long-term loans from overseas, and such loans need firm guarantees which these investors cannot provide through normal business transactions."

Other major obstacles are uncertainties of public acceptance of the alcohol fuel and domestic demand for alcohol-gasoline blended motor fuel (gasohol), Mr Ta-noo says. Taking a long-term prospect, he says some investors are pressing on with a view towards exporting portion of their alcohol output.

Despite a considerable number of parties expressing interest to invest in the setting up of these fuel alcohol distilleries, the Government has received only five applications for permission to set up plants as of the end of January. Of these, two applicants have already been granted licences to build the distilleries. They will have up to three years to complete construction.

"Although alcohol-blended gasoline is faring well in a number of places, contradictory results are frequently reported, raising doubts among informed public and some of the alcohol fuel

advocates in the Government that alcohol is a good substitute for gasoline," Mr Ta-noo says.

Without acceptance by the motoring community, the implementation of alcohol fuel programme along this "route" will lead to failure, and various incentives to buy the fuel such as lowering the price (through subsidy) may not rectify the situation, he says.

The "route" he mentions refers to the use of alcohol as a gasoline substitute or as a gasoline extender (blending with gasoline or straight alcohol use in spark-ignition engines). Such applications point to passenger vehicles as the principal consumers, extending to agricultural machinery in some cases.

Indifference also abounds on the possible use of fuel alcohol, he adds. "It is often dismissed by the government energy planning and managing bodies either as a non-practical proposal or as one with insignificant contribution to the energy scene."

"These government bodies procrastinate, maintaining a perpetual view of their support only for the research aspect of the fuel alcohol programme. Such attitudes, coupled with the indifference of the local oil companies who are enjoying the sellers' market of petroleum fuels, are not helpful to a rapid implementation of the programme."

Technical possibility aside, he says one major hurdle for the programme is to prove that those participating in the programme — the agro-producers, alcohol producers, oil industry and consumers — will benefit.

On the alcohol production potentials, he says it is prudent to consider that alcohol fuel will, together with a number of alternative energies, have a

proper role to play in the future energy scene.

"Versatility of alcohol as multi-purpose fuel and as chemical industry feedstock will make the alcohol production an up-and-coming industry in Thailand and in a number of development countries, especially those rich in agriculture."

As some half a million gasoline-powered motor cars and one million motor cycles are plying Thailand's roads, he says, it is believed that a ready market exists for alcohol-gasoline blended fuel (up to 20% of alcohol by volume). With the annual consumption of gasoline in present day Thailand being about 2,400 million litres, some 480 million litres of alcohol is considered the maximum target for gasoline blending.

In order to inform the government sector and the general public of the merits and demerits of the alcohol fuel gaining proper support, as well as to indicate how useful the production of this renewable fuel can be to the nation, a "nucleus" project should be organised to demonstrate the complete chain of fuel alcohol usage, from raw material collection, production procedure, distribution of alcohol, to the sales of alcohol fuel for use in motor vehicles and various prime-movers, Mr Ta-noo says.

Fuel alcohol from agricultural material is a new business in Thailand, hence it lacks information for confident proceeding, he says. The "nucleus" project will then provide investors and concerned parties with useful data for appropriate implementation of many large-scale fuel alcohol production projects which will follow, thus preventing possible failure or wastage of huge amounts of capital, Mr Ta-noo says.